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Report Highlights:
FAS/Moscow forecasts Russia's 2017 production of three major crops (sunflowerseed, soybeans, and rapeseed) at 15.3 million metric tons (MMT), a 2 percent increase over last year. Sunflowerseed is forecast to increase 1.3 percent to 11.0 MMT and soybeans are forecast to increase 2 percent to 3.2 MMT respectively. The increase in sunflowerseed is primarily due to an increase in yields, while the increase in soybean production is due to an increase in area. Production of rapeseed is forecast to increase 10 percent to 1.1 MMT, due to an increased share of high yielding winter rapeseed in the total rapeseed crop. Area sown to these three major crops is forecast to remain almost the same, but sunflowerseed area will decrease slightly and soybean area will increase. FAS/Moscow forecasts Russia's imports of these three crops at approximately 2.2 MMT, including 2.1 MMT of soybeans. Exports are forecast at 0.67 MMT, including 0.4 MMT of soybeans, 0.2 MMT of sunflowerseed, and 0.07 MMT of rapeseed. Russia's total crush for the three major oilseed crops is forecast to increase from estimated 15.39 MMT in MY 2016/17 to 15.8 MMT, including 10.4 MMT of sunflowerseed, 4.35 MMT of soybeans and 1.05 MMT of rapeseed. Production of oilseed meal is forecast to increase from estimated 8.13 MMT in MY 2016/17 to 8.29 MMT in MY 2017/18. Production of vegetable oil is forecast to increase from 5.36 MMT in MY 2016/17 to 5.49 MMT in MY 2017/18.

General Information
NOTE: USDA unofficial data excludes Crimean production and exports. However, as of June 2014, Russian official statistics (ROSSTAT) began incorporating Crimean production and trade data into their official estimates. Where possible, data reported by FAS Moscow is exclusive of information attributable to Crimea.

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OILSEEDS

Commodities:

- Sunflowerseed
- Soybean
- Rapeseed
- Peanuts

NOTE: From 2016, the Russian State Statistical Service (Rosstat) began publishing data on production of oilseeds in clean weight. Before 2015, Rosstat did not calculate clean weight for oilseeds. In 2017, all Rosstat data for oilseeds are in clean weight, and Rosstat also re-calculated previous crops from bunker to clean weight for the last 7 years. Thus, all oilseed production data in this report are in clean weight.

Production

FAS/Moscow forecasts Russia's 2017 production for the three major Russian oilseed crops (sunflowerseed, soybeans, and rapeseed) at 15.3 million metric tons (MMT), a two percent increase from the crop last year. This forecast includes 11.0 MMT of sunflowerseed, a one percent increase from last year, 3.2 MMT of soybeans, a 2 percent increase from last year, and 1.1 MMT of rapeseed, a 10 percent increase from last year. The forecast summary for MY 2017/18 is provided below in Table 1. In the last five years Russia has also increased production of niche oilseed crops, such as oil flax, Camelina, and safflower. In 2016, the total crop of these three oilseeds reached 1 MMT, and FAS/Moscow forecasts the same volume of production for these three crops in 2017. Thus, Russia's total production of oilseeds in MY 2017/18 may reach 16.3 MMT.

Table 1. Consolidated PSD Forecast for Major Oilseeds for MY 2017/18, Thousand Metric Tons (TMT), 1,000 HA

Post MY 2017/18	Sunflowerseed	Soybeans	Rapeseed	Peanuts	TOTAL
Area Planted	7,400	2,300	1,000	0	10,700
Area Harvested	7,150	2,200	910	0	10,260
Beginning Stocks	353	131	33	5	522
Production	11,000	3,200	1,100	0	15,300
MY Imports	50	2,100	60	145	2,355
MY Imp. from U.S.	0	300	0	0	300
MY Imp. from EU	0	0	0	0	0
Total Supply	11,403	5,431	1,193	150	18,177
MY Exports	200	400	70	0	670
MY Exp. to EU	10	0	5	0	15
Crush	10,400	4,350	1,050	0	15,800
Food Use Dom. Cons.	220	0	0	145	365
Feed Waste Dom. Cons.	300	550	25	0	875
Total Dom. Cons.	10,920	4,900	1,075	145	17,040
Ending Stocks	283	131	48	5	467
Total Distribution	11,403	5,431	1,193	150	18,177

Note: The above table is composed of PSD forecast for each crop, despite differing marketing years. The marketing year for sunflowerseed and soybeans is September – August. The marketing year for rapeseed is July – June.

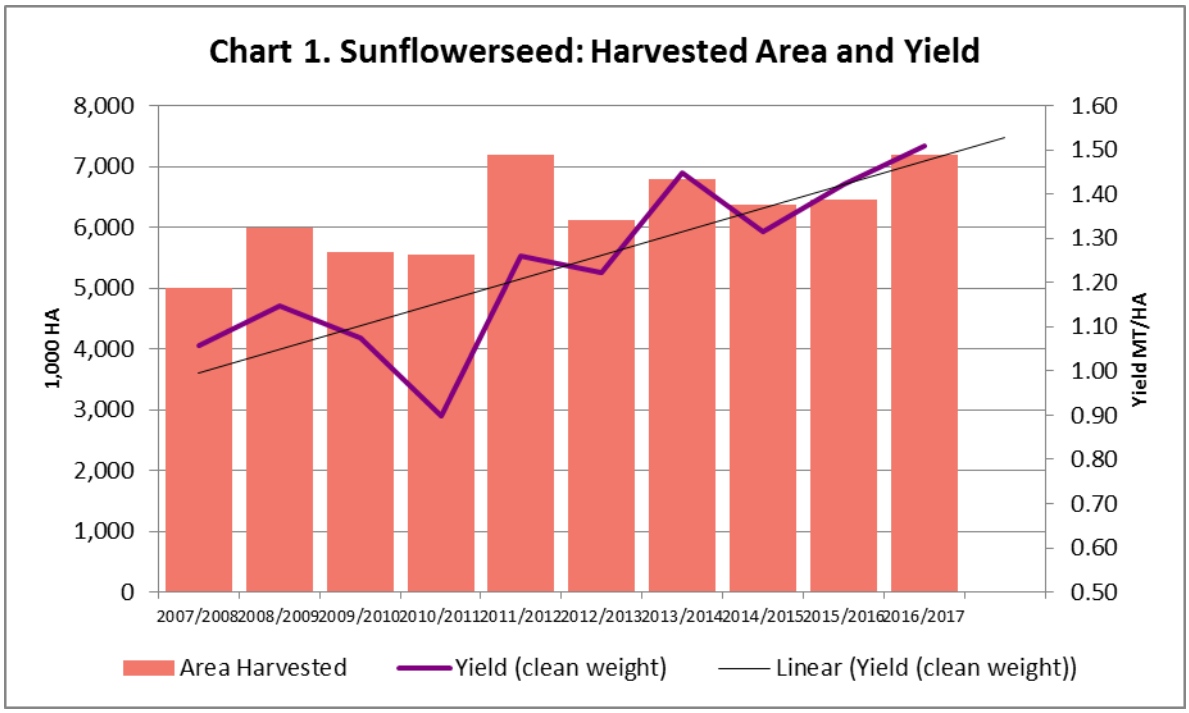
FAS/Moscow's forecast for production is based on the assumption that weather in 2017 will be normal, area sown to oilseeds will remain almost the same, and yields of the major oilseed crops will remain low[1]. Oilseeds in Russia compete for fertile soil and climate-friendly regions with grains, sugar beets, and other crops. Therefore, a significant increase in the area sown to oilseed crops is not possible. The financial situation for most Russian farmers remains poor, and they cannot afford significant investments in new expensive agro-technologies (i.e. *Clearfield* technology for sunflowerseed), which would improve yields and made crop production less dependent on weather and pests. Almost all oilseeds in Russia are sown in the spring. Area sown to winter oilseeds (winter rapeseed and false flax (Camelina) is small and comprises approximately 2.5 percent of all area sown to oilseeds. In fall 2016, farmers planted 301.0 thousand hectares (THA) to winter oilseeds (compared to 317.6 THA in fall 2015), of which area sown to winter rapeseed was 181.5 THA, or 20 percent of the total forecast rapeseed planted area in MY 2017/18. The other 119.5 THA of winter oilseeds were sown to false flax (Camelina)[2]

Sunflowerseed

Given normal weather conditions, FAS/Moscow forecast sunflowerseed production at 11.0 MMT. This forecast is based on an assumption that the average yield for sunflowerseed (in clean weight) will be, in accordance with the trend line, at approximately 1.54 MT/HA (compared with 1.51 MT/HA in 2016). FAS/Moscow forecasts that sunflowerseed planted area will be 7.4 million hectares, and harvested area will be 7.15 million hectares, almost the same as in 2016. In MY 2016/17, sunflowerseed was harvested from 7.2 million hectares. The FAS/Moscow forecast assumes that, as happened in the previous years, farmers will commit more area to sunflowerseed than the Ministry of Agriculture recommends and/or plans.

[1] In the United States the average yield of soybeans is 3.2 MT/HA, the average yield of canola (spring rapeseed) is 2.0 MT/HA, and the average yield of sunflowerseed is approximately 1.8 MT/HA. The average sunflowerseed yield in the EU-28 is 2.0 MT/HA.

[2] Source: Ministry of Agriculture of the Russian Federation: http://www.mcx.ru/documents/document/show/37808.htm



Source: FAS/Moscow based on Rosstat data.

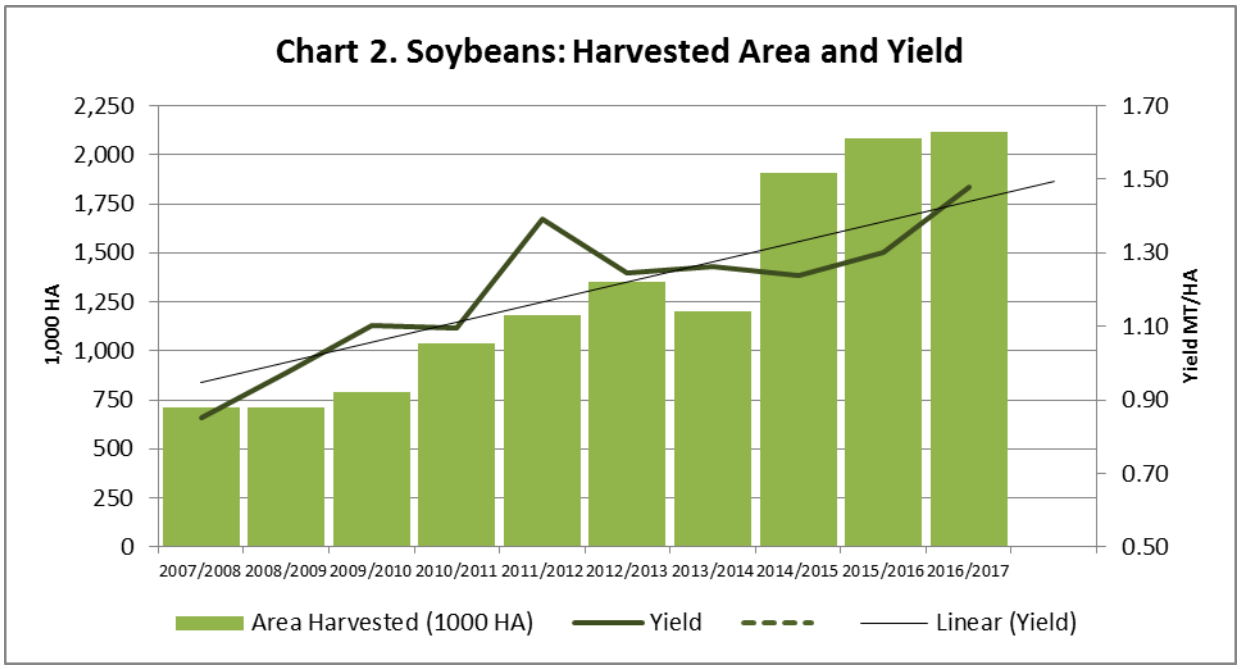
The Ministry of Agriculture and provincial authorities are trying to convince farmers to decrease area planted to sunflowerseed, and the Ministry of Agriculture forecasts that in 2017 farmers will plant 7.17 million hectares to sunflowerseed, or 0.33 million hectares less than in 2016 (7.5 million hectares). Sunflowerseed, more than any other crop, exhausts the soil. Moreover, if sunflowerseed is sown in consecutive seasons, the risks are very high that the next crop will be damaged by pests that remain in the soil. In particular the parasite weed sunflower broomrape – *Orobanche cumanaache sps*., also called "zarazikha." Zarazikha affects the root of the sunflowerseed plant and kills the plant. This parasite weed has spread in Russia and may kill up to 100 percent of the crop in the field. Only farmers that can afford investments in high-quality pest-resistant seeds, herbicides and other chemicals, and follow exact agronomic practices are able to successfully plant sunflowerseed season after season and maintain good yields. However, most farmers that sow sunflowerseed cannot afford such expenses. Despite the threat of losing the crop, and recommendations of provincial and federal authorities, most farmers make their planting decisions based on returns. If they can get profit even with low yields, they will continue planting sunflowerseed despite all recommendations. So far, a stable demand for sunflowerseed in the domestic market has kept the average returns from selling sunflowerseed higher than returns from selling most other crops. As a result, farmers have planted more area to sunflowerseed than the federal and provincial authorities recommended.

In 2016, the price of sunflowerseed remained stable, but at the beginning of 2017 sunflowerseed prices began to decrease. This trend may decrease the incentive for farmers to sow sunflowerseed (see paragraph Marketing of **OILSEED** section of this report.) However, the demand from crushers is high due to new capacity put into operation. The demand from traders has also increased due a lower export duty. Sunflowerseed still remains one of the most profitable crops for farmers. This factor favors forecast stability for the 2017 sunflowerseed sown area projections, despite recommendations from the

Ministry of Agriculture and local authorities. However, at the time of this report, sunflowerseed sowing has not yet started in Russia.

Soybeans

FAS/Moscow forecasts that Russian area sown to soybeans will continue grow and may reach 2.3 million hectares (slightly higher than the Ministry of Agriculture plans of 2.25 million hectares). This will result in a total of 2.2 million hectares of harvested area. However, yield progress is not forecast. Based on the trend line, the average yield of soybeans will be at best, 1.45 MT/HA. Given normal weather conditions, FAS/Moscow forecasts the soybean crop in MY 2017/18 at 3.2 MMT, three percent higher than in 2016.

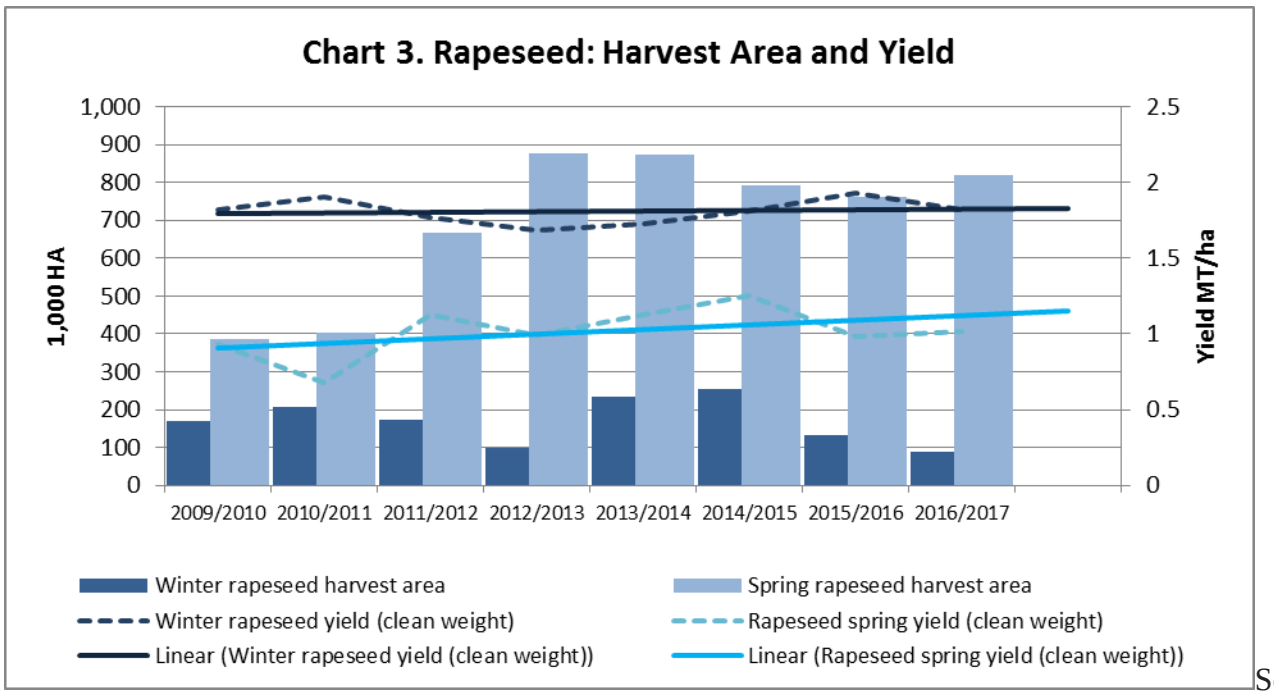


Source: Source: FAS/Moscow based on Rosstat data.

The Russian Ministry of Agriculture forecasts that area sown to soybeans will increase by 79.0 THA from last year, and will reach 2.26 million hectares. Since demand for domestic soybeans is increasing in Russia, these forecasts seem feasible.

Rapeseed

FAS/Moscow forecasts that the MY 2017/18 rapeseed crop will recover to 1.1 MMT, a ten percent increase y-o-y. This forecast is based on the assumption that the area sown to winter rapeseed will increase slightly. Given normal weather conditions and the increase in winter rapeseed, total rapeseed production will increase. Note, yields for winter rapeseed are 70-80 percent higher on average than spring rapeseed yields.



Source: Source: FAS/Moscow based on Rosstat data.

The Russian Ministry of Agriculture reports that the winter 2017 rapeseed crop was planted on 0.18 million hectares, and spring rapeseed will be planted on 0.87 million hectares.

Table 2. Russian Ministry of Agriculture's Forecast for Planting of Oilseeds, THA.

Crops	2016 (spring data)	2017 (forecast)	2017 in % to 2016	2017 +/ - to 2016
All oilseed crops sown area	**12,170.7**	**11,744.8**	**96.5**	**-425.9**
- Sunflowerseed	7,498.8	7,171.4	95.6	-327.3
- Soybeans	2,184.8	2,263.8	103.6	79.0
- Rapeseed	995.1	1,053.9	105.9	58.8
- Oil (crown) flax	709.2	662.3	93.4	-47.0
- Mustard	180.6	169.5	93.9	-11.1
- False flax (Camelina)	141.3	112.9	79.9	-28.4
- Other	460.9	311.0	67.5	-149.9

Source: Ministry of Agriculture

Inputs:
There are no significant changes in the supply of inputs for production of oilseeds in Russia.

Fertilizer and chemicals
The Ministry of Agriculture reports that as of February 2017, there were higher stocks of mineral fertilizer than last year: 450,100 metric tons (MT) (in active ingredient), 149,900 MT more than last

year[3]. However, there are no data on the share of fertilizer that is used for spring sowing of oilseeds, and since oilseeds are sown later than grains and many other crops, the fertilizer supply is not so important for oilseed producers.

There are no official data on supply and use of chemicals in oilseed production, although herbicides and pesticides are very important for oilseed crop protection. Crop producers' incomes in 2016/17 decreased compared to 2015/16. Thus, they are likely to cut purchase of expensive inputs, including chemicals.

Planting seeds

Supply and quality of planting seeds is a critical factor for oilseeds production in Russia. In 2015, Russia adopted federal programs aimed at supporting the development of breeding and selection of planting seeds for the improvement of production of some crops and substitution of imports of planting seeds. According to the Russian Ministry of Agriculture, in 2016, Russian farmers (including so called peasant farms) planted 34.65 TMT of planting seeds of sunflowerseed, 245.59 TMT of planting seeds of soybeans, and 7.1 TMT of planting seeds of spring rapeseed (Table 3). The total cost of all these planting seeds was over 25 million Rubles[4] ($390,625).

Table 3. Ministry of Agriculture's Estimate of Volume of Planted Seeds of Major Oilseeds in 2016

Crops	Area, THA	Planted seeds, TMT	Availability, percent		Price of 1 MT, thousand Rub.	Value of sown seeds, thousand Rub.
			2016	2015		
Sunflowerseed	7,498.8	34.65	98.5	98.9	383.2	13,277.9
Soybeans	2,184.7	245.59	108.8	105.7	43.2	10,609.5
Rapeseed, spring	893.3	7.1	83.5	86.7	172.9	1,227.6

Source: Ministry of Agriculture

The Ministry of Agriculture estimates the "need" for planting seeds for the 2017 crop as 35.1 TMT of sunflowerseed, 243.4 TMT of soybeans, and 7.5 TMT of spring rapeseed (Table 4). However, according to reported sources, by the end of January 2017, Russian farmers had only 38.2 percent of planting seeds of sunflowerseed, 98.3 percent of soybeans, and 54.7 percent of planting seeds of rapeseed. Since oilseed planting starts later than planting of many other crops, farmers purchase oilseed planting seeds later. The availability of seed at the end of January was higher in 2017 than in 2016.

Table 4. Ministry of Agriculture's Estimate of "Need" for Planting Seeds for Major Oilseeds for 2017 Spring Sowing (as of January 25, 2017)

	Need, TMT	Availability, TMT	Incl. imported, TMT	Availability, percent		Quality*, percent
				2017	2016	
Sunflowerseed	35.1	13.4	0.1	38.2	33.3	91.2

[3] http://www.mcx.ru/news/news/show/58274.355.htm

[4] Russian Ruble exchange rate in 2016 was volatile, but for reference, in this report FAS/Moscow assumes the exchange rate at 64 Rubles per $1.

Soybeans	243.4	239.3	0.0	98.3	94.8	86.3
Rapeseed, spring	7.5	4.1	0.0	54.7	59.0	39.6
*Quality means that seeds meet their specifications						

Source: Ministry of Agriculture

Farmers usually purchase imported planting seeds in spring, before sowing, and the share of imported planting seeds remain high. According to the Ministry of Agriculture, in 2016 the share of imported seeds in 2016 varied from 21.6 percent for soybeans to 53.6 percent for sunflowerseed (Table 5).

Table 5. Origin of Planting Seeds of Oilseeds, 2016, TMT

	Imported	Domestic, registered	Non-registered
Sunflowerseed	53.6	37.5	8.9
Soybeans	21.6	58.1	20.3
Rapeseed, spring	30.0	40.4	29.5
Rapeseed, winter	49.7	31.0	19.3

Source: Ministry of Agriculture

Only large agroholdings can afford imported, high-yield hybrids or varieties, and proper chemicals. The majority of farmers use domestically registered and even non-registered seeds. Thus, the difference in yields may vary for sunflowerseed from less than 1 MT per HA to more than 2 MT per HA.

Breeding and Selection of Domestic Planting Seeds[5]

Sunfloweseed

Sunflowerseed is the main oilseed crop in Russia, and provides for the major supply of vegetable oils. The federal government supports substitution of imports of these planting seeds. The R&D Institute Named after Pustovoitov in Krasnodar Kray, and the R&D Institute of Agriculture of the South-East (in Saratov Oblast), as well as several private seed-selection companies are involved in selection of domestic sunflowerseed varieties and hybrids. So far, almost 54 percent of planting seeds of sunflowerseed in Russia are varieties and hybrids of foreign selection, and most of these seeds are imported.

According to industry analysts, the price of foreign planting seeds may be three, even four times higher than the price of domestic seeds. The State Seeds Register has four varieties and 48 sunflowerseed hybrids, including 15 of Russian origin. Russian specialists consider that there are enough hybrids of domestic selection that can replace imported sunflowerseed in two years. However, there is a shortage of planting material for multiplication and commercial production. When domestic hybrids of sunflowerseed are compared with imported, then under normal growing conditions, domestic seeds are on par with imported. But the situation changes when the soil preparation and cultivation practices improve, then imported hybrids produce much higher yields. According to specialists from the Institute of Pustovoitov, given that half of the 7.5 million hectares sown to sunflowerseed in Russia have unfavorable soil and cultivation practices, domestic varieties and hybrids may even be better than foreign: "Foreign hybrids were created especially for high crop culture, for yields at 4-4.5 MT per HA.

[5] Source: http://www.agroinvestor.ru/technologies/article/25823-ukhod-ot-semennoy-zavisimosti/ (in Russian)

Considering that in our country sunflowerseed are often sown in not the best regions, i.e., in Saratov oblast, where the potential yields cannot be higher than 2-3 MT per HA, there is no big difference between domestic and foreign hibrids."

The Russian government is subsidizing the selection of planting seeds for sunflowerseed. The 2017 federal budget envisages 91.3 million Rubles (($1.4 million) in subsidies for compensation of 20 percent of the cost of production of planting seeds for sunflowerseed. These subsidies are part of the so called per hectare "decoupled support" program, and rates for subsidies are calculated per hectare: 33,000 Rubles ($516) for parent forms of sunflowerseed hybrids, 8,700 Rubles ($136) for the first generation of hybrids, and 32,600 Rubles ($509) for original seeds of varieties of sunflowerseed, and 9,000 Rubles ($141) for elite seeds of varieties of sunflowerseed.[6]

Industry analysts consider the threat of the parasite plant called *Orobanche Cumana* as the major threat for an increase in sunflowerseed production in Russia. This parasite weed affects the roots of sunflowerseed and can destroy up to 100 percent of the crop. The main way to combat this plague is either to use an eight to 10-years crop rotation schedule, (crops such as corn, millet, and sorghum do not allow the seeds of the parasite to survive) or to use special practices called *Clearfield* based on special hybrids, herbicides, and strict agronomic practices.

Soybeans

Russia increased development of soybean varieties. Russian breeders have oriented their research towards resistance to weather and the climate peculiarities of the different Russian regions. This factor, so called "regionalization" of planting seeds is praised even by foreign companies that sell imported seeds. Additionally, Russian varieties are less expensive than imported. Thus, the price of soybean planting seeds of Russian selection is about 40,000 Rubles ($625) per 1 MT, while the first reproduction of imported soybean planting seeds is over 80,000 Rubles ($1,250) per 1 MT.

According to industry, Russian varieties comprise 83 percent of used soybean planting seeds. Soybean seed breeding orients towards the following: a decrease of the vegetation period (early varieties), stability of yields, improvements of biochemical and technological characteristics of soybeans, resistance to dangerous pathogens, resistance to drought, frost, hail damage, waterlogging, soil salinity and soil acidity. According to the Russian Soy Union, over 130 soybean varieties are registered in Russia, including over 100 Russian varieties. There are several soy-breeding centers in Russia, including in Amur Oblast (All-Russian R&D Institute of Soybeans), in Krasnodar Kray (Research Institute named after Pustovoitov), and the Center "Soybean Complex". The price for good Russian varieties (first reproduction) is approximately 60,000 Rubles ($938) per 1 MT. This is almost two times lower than the price of imported varieties. However, agronomists report that yields and protein content of local varieties are lower than yields and protein content of registered imported varieties. Russian varieties are "extensive," and may even be damaged by intensive technologies ("super-nutrition may lead to lodging"). There are two criteria for the measurement of protein content: raw protein and protein calculated in over-dry matter (DM). The second characteristic determines the quality of soybeans and determines the price. According to the General Director of the Russian Division of the Canadian company "Semans Prograin" (the company sells and produces in Russia some Canadian varieties of soybeans), in 2016 the soybean price differences for different protein levels varied significantly. The price of soybeans with a protein DM of 27 percent was 19,000 Rubles ($297), while the price of

[6] Source: Ministry of Agriculture

soybeans with a protein DM over 38 percent was 28,000 Rubles ($438). However, farmers that plant soybeans for commercial purposes first consider the total expenses per hectare and the consistency of the crop: foreign varieties may have higher yields (up to 1 MT per hectare), but harvest season for some foreign varieties is mid-October or even end of October. Given the fall climate in European Russia, a later harvest may result in the complete loss of crop, or at least, interfere in the harvesting of other crops.

Finance

There are no data on the financing of Russian agriculture by crops. The decoupled support of agriculture is based on sown area, and this support is small. To some extent agricultural producers may rely on interest rate subsidies. In 2017, the new mechanism for interest rate subsidies became available. The government will subsidize the banks directly, and the banks will provide credits to farmers at the five percent interest rate. Previously, farmers had to obtain loans at commercial interest rates and were later reimbursed by the state. As of the end of January 2017, the Ministry of Agriculture signed agreements on the new scheme of government interest rate subsidies with six banks: Rosselkhozbank, Alfa-Bank, Promsvyazbank, Bank VTB, Sberbank, and Gazprombank, and was going to sign agreements with UniKreditbank, Bank "Otkrytie", RosBank, and Raiphizenbank.[7] However, industry analysts report of significant delays in financing with this scheme.

Results of 2016 crop

In 2016, Rosstat continued reporting oilseed crops in clean weight, and results of oilseed production in 2016, by crops, are provided in the table below:

Table 6. Results of 2016 Oilseed Crop

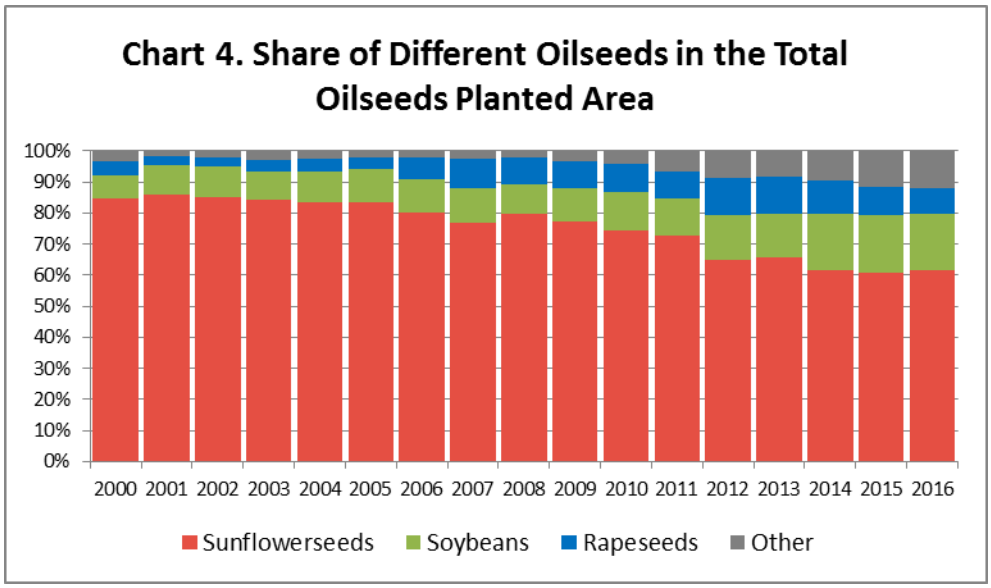
	2009	2010	2011	2012	2013	2014	2015	2016
Planted Area, 1,000 hectares								
Sunflowerseed	6,196	7,154	7,614	6,529	7,271	6,823	6,922	7,481
Soybeans	875	1,206	1,229	1,481	1,532	2,002	2,123	2,228
Rapeseed	688	856	893	1,191	1,326	1,174	1,014	978
- winter	*178*	*218*	*175*	*105*	*239*	*261*	138	96
- spring	*511*	*638*	*718*	*1,085*	*1,087*	*913*	876	881
Mustard	101	110	134	118	154	182	188	173
Oil flax (Crown flax)	146	267	500	618	478	488	628	683
False flax (Camelina)					182	268	207	142
Safflower				16	89	123	292	445
Other	15	24	76	135	30	17	20	21
Total	8,020	9,616	10,447	10,087	11,060	11,076	11,393.1	12,151.0
Production, 1,000 MT								
Sunflowerseed	6,01	4,97	9,062	7,495	9,842	8,374	9,173	10,858

[7] http://www.mcx.ru/news/news/show_print/58309.355.htm

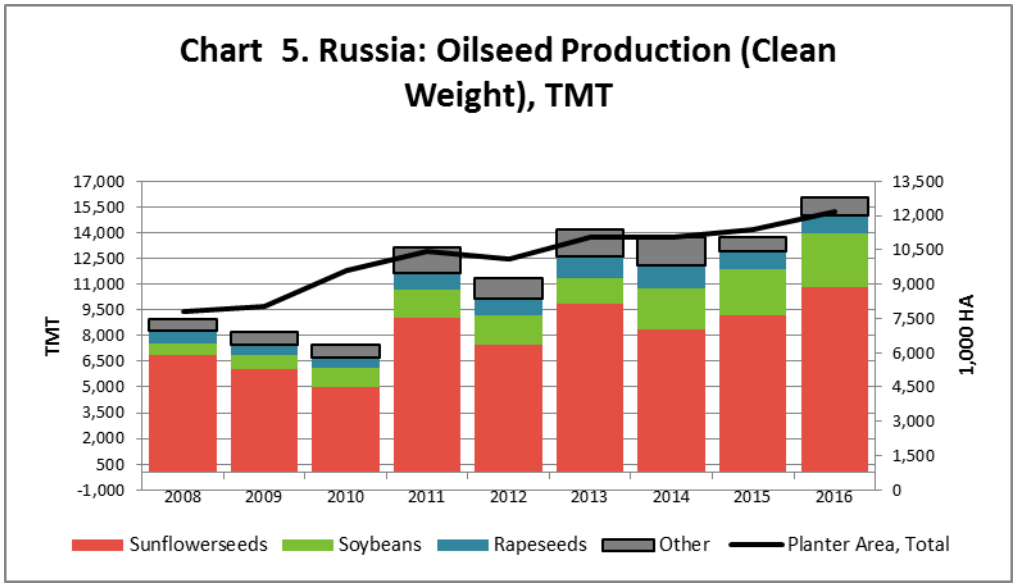
	5	9						
Soybeans	873	1,133	1,641	1,683	1,517	2,362	2,707	3,135
Rapeseed	605	608	956	945	1,259	1,324	1,001	997
- winter	*308*	*395*	*304*	*166*	*407*	*460*	255	163
- spring	*359*	*275*	*752*	*869*	*987*	*990*	747	834
Mustard	24	36	88	42	55	99	64	68
Oil flax (Crown flax)	94	173	464	361	320	379	502	634
False flax (Camelina)	0	0	0	0	128	156	90	79
Safflower				8	45	87	154	286
Other	3	10	53	67	21	13	11	11
Total	8,186	7,457	13,115	11,313	14,151	13,707	13,702	16,067
Yields per harvested area, 1hectares								
Sunflowerseed	1.15	0.96	1.34	1.30	1.55	1.40	1.42	1.51
Soybeans	1.11	1.09	1.48	1.31	1.36	1.36	1.30	1.48
Rapeseed	1.20	1.10	1.26	1.06	1.25	1.39	1.12	1.11
- winter	*1.82*	*1.90*	*1.77*	*1.68*	*1.73*	*1.81*	1.93	1.82
- spring	*0.93*	*0.68*	*1.13*	*0.99*	*1.13*	*1.25*	0.98	1.02
Mustard	0.47	0.48	0.80	0.54	0.50	0.67	0.49	0.55
Oil flax (Crown flax)	0.88	0.86	1.04	0.69	0.78	0.93	0.85	0.97
False flax (Camelina)				0.61	0.78	0.66	0.57	0.60
Safflower				0.62	0.64	0.76	0.64	0.67

Source: Rosstat, except Crimea. Original Rosstat data includes Crimea. In 2016, Crimea produced 191 TMT of oilseeds, including 152 TMT of sunflowerseed, 0.72 TMT of soybeans, 1.74 TMT of rapeseed (primarily spring), 5.5 TMT of mustard seed, 30.4 TMT of oil flax and 0.1 TMT of other oilseeds (safflower).

Area sown to all oilseeds (three major crops and other crops, such as Oil flax, Camelina and Safflower) in Russia has grown steadily since 2000 from 5.5 million hectares in 2000 to 8.02 million hectares in 2009, and to 12.15 million hectares in 2016. This includes the area sown to sunflowerseed that increased from 4.6 million hectares in 2000 to 6.20 million hectares in 2009 and to 7.48 million hectares in 2016. However, the share of area sown with sunflowerseed, as a percentage of total area sown to oilseeds, decreased. At the same time, the share of soybeans, rapeseed and other oilseed crops increased (Chart 4). Nevertheless, sunflowerseed still dominates total oilseed production. However, because sunflowerseed yields are heavily dependent on weather, production fluctuations are significant (Chart 5).



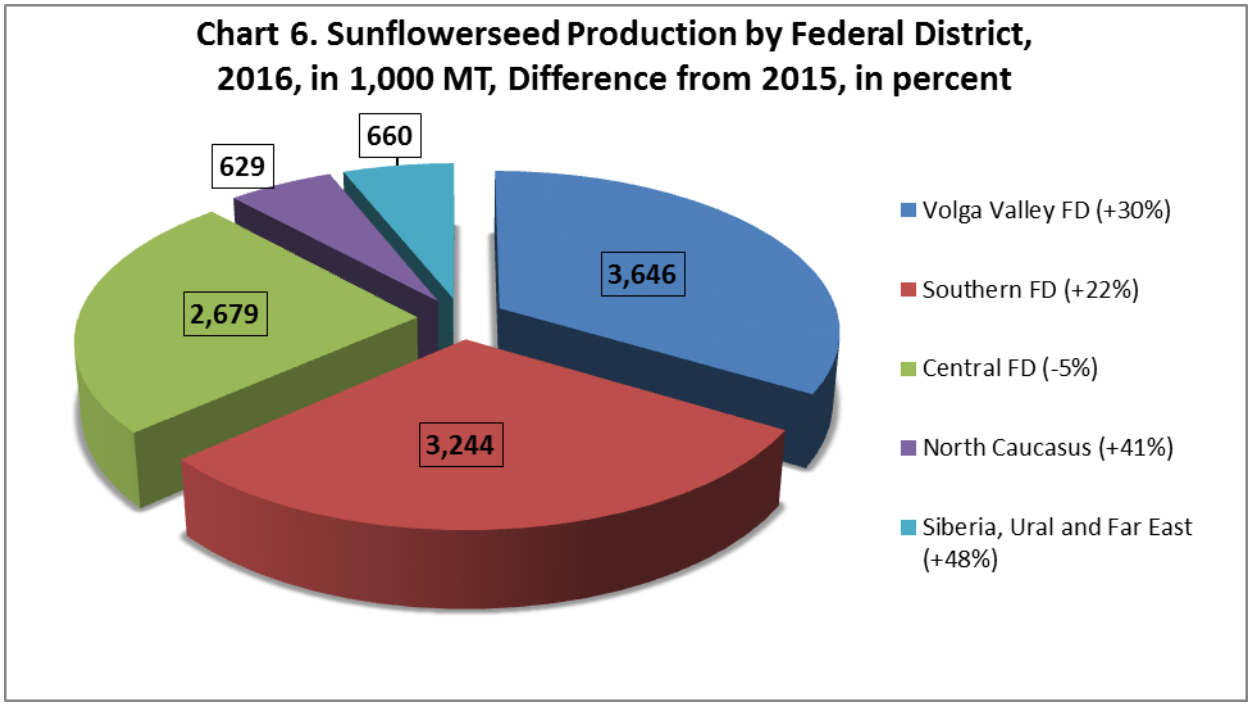
Source: Rosstat



Source: Rosstat.

Sunflowerseed

Sunflowerseed still remains among the most profitable crops in Russia. In MY 2016/17, the price of sunflowerseed began to decrease despite high demand from crushers. However, industry analysts report that relative to other crops, the margin of sunflowerseed produccers is higher than the margin of grain producers. In 2016, production of sunflowerseed increased in all federal districts except the Central Federal District. The increase in production was primarily due to favorable weather and slightly improved yields.



Source: Rosstat

In 2016, the Volga Valley Federal District became the leader in production of sunflowerseed, with 3.6 MMT crop (30 percent or almost 0.84 MMT's increase y-o-y). Production there increased primarily due to increased sown area, while the average yield still remained low, approximately 1.1 MT per 1 HA (only 5 percent higher than in 2015). The Southern Federal District followed in sunflowerseed production of over 3.2 MMT (22 percent or 0.59 MMT increase y-o-y). Production in the Southern Federal District increased primarily due to increased yields from the average 1.65 MT/HA in 2015 to 1.93 MT/HA in 2016, or by 17 percent. Yields increased practically in all sunflowerseed producing oblasts of the Southern Federal District, but the variation in yields was significant: from 1.43 MT/HA in Volgograd oblast to 2.53 MT/HA in Krasnodar Kray. Sunfloweseed production in the Central Federal District, the last year leader, decreased from 2.82 MMT in 2015 to 2.68 MMT in 2016, primarily due to decreased area sown to sunflowerseed, although average sunflowerseed yields remained among the highest in Russia: 2.16 MT/HA in 2016 compared with 2.15 MT/HA in 2015. Bryansk and Belgorod oblast were the leaders in the yields with 2.86 MT/HA and 2.64 MT/HA respectively.

Chart 7. Location of Sunflowerseed Production in Russia in 2015

Over 1.0 MMT **(Dark Red)**

- Rostov Oblast - 1.26 MMT (0.83 MMT in 2015)
- Saratov Oblast – 1.29 MMT (1.0 MMT in 2015)
- Krasnodar Kray – 1.07 MMT (1.02 MMT in 2015)

From 0.5 to 1.0 MMT **(Red)**

- Voronezh Oblast – 0.92 MMT (1.0 MMT in 2015)
- Volgograd Oblast – 0.81 MMT (0.73 MMT in 2015)
- Samara Oblast – 0.71 MMT (0.54 MMT in 2015)
- Orenburg Oblast – 0.66 MMT 9 0.53 MMT in 2015)
- Tambov Oblast – 0.57 MMT (0.74 MMT in 2015)
- Stavropol Kray – 0.54 MMT (0.39 MMT in 2015)

From 0.3 to 0.5 MMT **(Light Red)**

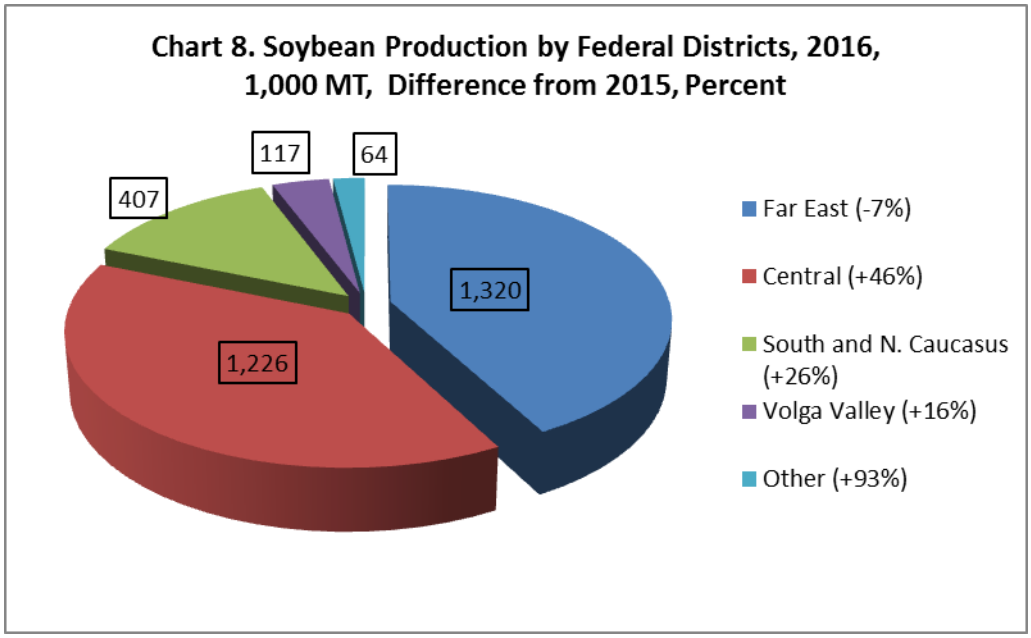
- Altay Kray – 0.50 MMT (0.36 MMT in 2015)
- Belgorod Oblast – 0.37 MMT (0.32 MMT in 2015)
- Penza Oblast – 0.34 MMT (0.26 MMT in 2015)
- Kursk Oblast – 0.31 MMT (0.27 MMT in 2015)
- Ulyanovsk Oblast – 0.26 MMT (0.17 MMT in 2015)
- Bashkortostan Republic – 0.22 MMT (0.24 MMT in 2015)

Source: FAS/Moscow based on Rosstat data for 2016 crop.

Soybeans

In 2016, soybean area increased by 100 THA to 2.2 million hectares, average soybean yield also increased by almost 0.2 MT/HA, and reached 1.48 MT/HA. The 2016 Russian soybean crop reached an historic high of 3.1 MMT (2.7 MMT in 2015), and the increase was due to increased crop in European Russia due to an increased area and favorable-for yield weather. The Far East Federal District still remains the leader in soybean production with 1.3 MMT crop (1.4 MMT in 2015), but its share decreased from 52 percent in 2015 to 42 percent in 2016. The Central Federal District is the second

largest producer of soybeans with over 1.2 MMT crop (0.8 MMT in 2015). According to industry analysts, the volume of soybean production in the Russian Far Eastern and its location distinguishes it from the Russian European market. Given the location, soybeans produced in the Far East are either exported to China or sold to crushers located in the Far East or Siberia. High soybean prices in the Far East and the high cost of transporting soybeans from the Far East to Central European Russia make soybeans from the Far East more expensive for processors than either soybeans from European Russia or even imported soybeans. Export duties on soybeans were lifted on September 1, 2015. Soybean exports to China have increased, and soybean production in the Far East remains profitable.



Source: Rosstat

Chart 9. Location of Soybean Production in Russia in 2016

Over 0.5 MMT **(Dark Green)**

- Amur Oblast – 0.92 (1.00 MMT in 2015)

From 0.2 to 0.5 MMT **(Green)**

- Belgorod Oblast – 0.48 MMT (0.32 MMT in 2015)
- Krasnodar Kray – 0.32 MMT (0.25 MMT in 2015)
- Kursk Oblast – 0.29 MMT (0.17 MMT in 2015)
- Primorskiy Kray – 0.28 MMT (0.26 MMT in 2015)

From 0.1 to 0.2 MMT **(Light Green)**

- Voronezh Oblast – 0.11 MMT (0.09 MMT in 2015)

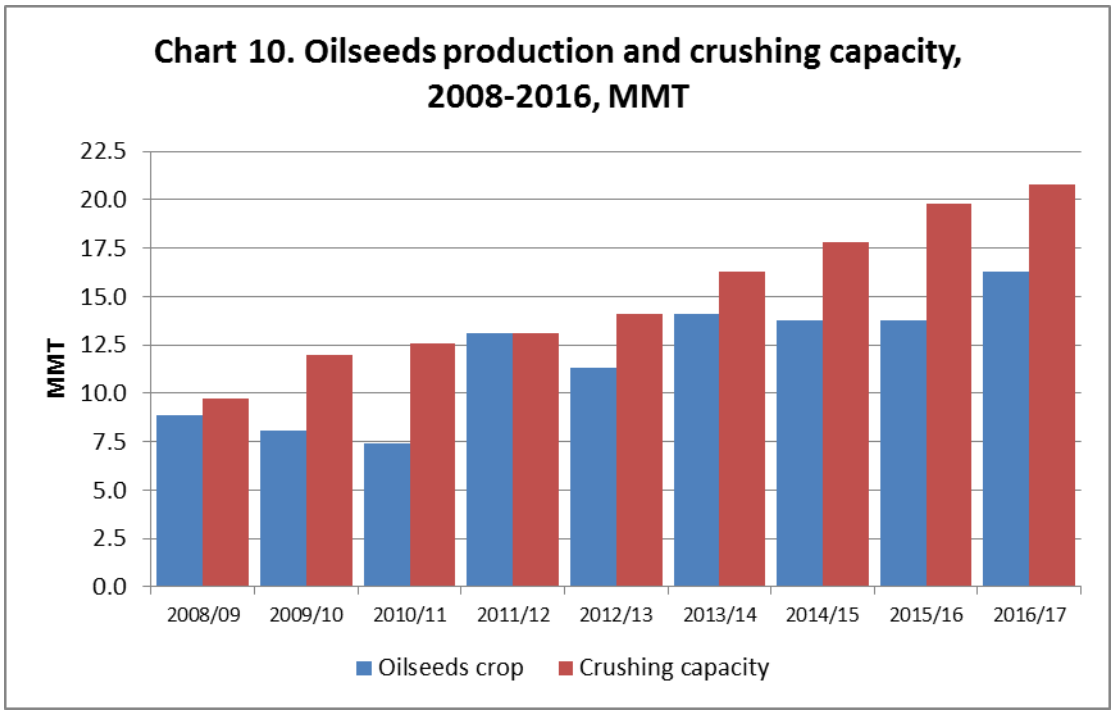
Source: FAS/Moscow based on Rosstat data for 2016 crop.

Consumption:

Since the early 2000's, Russian oilseeds consumption has steadily increased due to the growing demand for protein feeds, such as meal, cake and, in the last 2-3 years, whole-fat feeds (semi-processed soybeans). Although, vegetable oil still remains a major product of the Russian oilseeds industry.

FAS/Moscow forecasts that Russia's domestic consumption of the three major oilseeds in MY 2017/18 will reach 16.90 MMT, a 2.5 percent increase compared with MY 2016/17 domestic consumption of 16.48 MMT. The domestic consumption total includes 10.92 MMT of sunflowerseed (2.4 percent increase from last year), all due to increased crush from 10.10 MMT that FAS/Moscow estimated for MY 2016/17 to 10.40 MMT. Food use domestic consumption will remain at the same level as last year: 0.22 MMT, but feed waste will decrease from 0.34 MMT to 0.3 MT due to increased crushers' demand. Consumption of soybeans will increase from 4.8 MMT in MY 2016/17 to 4.9 MMT in MY 2017/18, and this will include crush of 4.35 MMT and direct feeds use of 0.55 MMT of beans (whole and semi-crushed beans). Soybean crush and direct use are forecast to increase from last year by 50 TMT each.

Domestic consumption of rapeseed is forecast to increase from MY 2016/17 by 35 TMT to 1.08 in MY 2017/18.



Source: IKAR: http://soyanews.info/news/u_mezov_snova_defitsit_syrya.html and Rosstat

Estimates of total crushing capacity of Russia vary from 18 MMT to 21 MMT. According to the Russian Union of Oils and Fats Producers and some industry analysts, Russia's total capacity for crushing oilseeds in 2016 was 18.0 MMT. Other analysts estimate Russia's total crushing capacity at 20-21 MMT.[8] The difference depends on the inclusion or exclusion of small crushing operations at farms. Additionally, some analysts consider that due to the technological necessity to keep some facilities inactive, Russia's actual capacity to crush oilseeds is 18 MMT. However, even the minimum estimate of 18 MMT exceeds Russia's production of oilseeds by 12 percent.

There is no official information on the specification of oilseed crushing capacity. Most crushers work with sunflowerseed, but many of the modern plants built in the last five years in European Russia can switch between crushing sunflowerseed and rapeseed, and some have the ability to crush soybeans. The Institute of Agricultural Marketing (IKAR) estimates the 2016/17 oilseeds crushing capacity in the sunflowerseed producing regions at 18.76, that is 36 percent more than the sunflowerseed production in these regions.

Some industry analysts separate crushing plants for sunflowerseed and rapeseed versus plants that can crush soybeans. The actively working capacity of sunflowerseed and rapeseed plants (without small crushers at farms) is estimated at 14.7 MMT, and the capacity of soybean crushing plants at 5.7 MMT. The specialized soybean crushing plants are located in the North-West of Russia (Kaliningrad oblast),

[8] http://www.agroinvestor.ru/analytics/news/25433-urozhay-maslichnykh-priblizilsya-k-16-mln-tonn/

and work primarily with imported soybeans, and in the Far East. In 2016/17 soybean crushing capacity also increased in the Central FD (Belgorod Oblast).

In all of the sunflowerseed and rapeseed producing regions production has lagged behind the quickly growing crushing capacity. According to IKAR, in MY 2016/17 crushing capacity in the South of Russia (Southern and North Caucasus federal districts) approached 7 MMT, while the total production of oilseeds in this region was 4 MMT, including 3.9 MMT of sunflowerseed. In the Center of European Russia crushing capacity is also estimated at 7 MMT, and production of all oilseeds was 3.38 MMT, including 2.7 MMT of sunflowerseed. In the Volga Valley FD crushing capacity was 4.2 MMT, and production of oilseeds (all sunflowerseed) was 3.6 MMT. Even in Siberia and Ural crushing capacity (616 TMT) exceeded production of sunflowerseed, which was 588 TMT.[9]

According to IKAR, 60 percent of crushing capacity in Russia is held by the top ten oilseeds crushing holdings.[10] The crushing capacity of these ten companies is estimated at approximately 12.9 MMT a year.[11] Companies included in this top ten list are:

- "Yug Rusi" – 2,700 TMT. The leader in terms of crushing capacity is the holding "Yug Rusi" with nine plants in several different Russian provinces, mostly in the Central FD and in Krasnodar Kray;
- "Sodrugestvo" – 2,688 TMT. "Sodruzhestvo," is the largest processor of soybeans. In 2015/16, three Sodruzhestvo plants processed 2.27 MMT of soybeans and 0.267 MMT of rapeseed. (One facility crushed 0.62 MMT of soybeans a year, the second crushed 0.5 MMT of soybeans and 0.369 MMT of rapeseed a year, and the third crushed 1.67 MMT of soybeans a year. In 2015/2016 and in the first half of MY 2016/17, the plants worked at almost 100 percent capacity. Sodruzhestvo's oilseeds raw materials sourced domestically are seven percent for soybeans and 85 percent of rapeseed;
- "Efko" – 1,900 TMT capacity of all plants, of which 0.825 MMT are produced at plants that are owned by Efko, including a sunflowerseed curshing facility in Belgorod (0.61 MMT a year) and a sunflowerseed and rapeseed crushing facility in Taman (Krasnodar Kray) that can process 214,500 MT of sunflowerseed and rapeseed per year, mostly for export. Additionally, the Efko company has developed a strategic business on processing with the "Alekseevskiy" soy complex, the biggest soybean crusher in the Central FD with a capacity of 0.66 MMT per year;
- "Solnechnye Produkty" holding (in the group Bukyet) – 1,400 TMT a year. Solnechnye Produkty's crushing capacity is split between two enterprises in Saratov Oblast and one in Krasnodar Kray;
- "Kazan Oils and Fats Combine" – 1,000 TMT capacity for crushing rapeseed and sunflowerseed. Kazan Oils and Fats Comgine produces approximately 0.45 MMT vegetable oil and approximately 380,000 of meal;
- "Sigma" holding company – 760 TMT. "Sigma" has two plants in Bashkortostan – one modernized plans will process 345 TMT a year and another new plant will start working at full capacity of 415 TMT in 2017;
- "Aston" – 750 TMT, located in Rostov oblast;
- "Nizhegorodskiy MEZ" – 600 TMT. Nizhegorodskiy MEZ's crushing is split between two plants, one in Orenburg Oblast and one in Volgograd Oblast;

[9] Source: IKAR
[10] http://www.efko.ru/press-centr/smi/10755/
[11] http://www.efko.ru/press-centr/smi/10755/

- "Bunge, CIS", in Voronezh Oblast – process 560 TMT of sunflowerseed per year; and
- "RusAgro Group" – 547 TMT. Rusagro has two oilseeds crushing enterprises: 410 TMT a year of sunflowerseed in Samara Oblast and 137 TMT of soybeans a year in Primorskiy Kray (Russian Far East)/

Some industry analysts consider that the rapid growth of crushing capacity in some provinces stimulated production of oilseeds in Russia. Thus, according to some industry analysts, from 2015 through 2016 production of sunflowerseed increased in Belgorod Oblast from 157 TMT to 321 TMT, and production of soybeans from 78 TMT to 320 TMT. This increase is primarily due to the development of two Yug Rusi sunflowerseed crushing plants, one soybean complex and Efko's sunflowerseed crushing plant.

In MY 2017/18, industry analysts forecast that two other plants (Cargill in Volgograd Oblast and plant owned by the company Chernozemye" in Lipetsk Oblast) may increase Russia's crushing capacity by another 1 MT.

Industry analysts, consider that the margins are higher in those companies, which invest/contract production of sunflowerseed, although this situation is not typical for oilseed crushing companies in other countries.

Food Use Consumption:
Oilseed market analysts report that consumers' interest in confectionary–type sunflowerseed and in sunflowerseed with high oleic content is increasing. However, there are no data on production and consumption of these products, and the share of confectionary type of sunflowerseed is less than one percent of sunflowerseed production.

According to industry analysts, production of highly oleic sunflowerseed (with high content of Omega 3 acid) is also not significant, and area sown to this type of sunflowerseed is less than one percent of sunflowerseed area. Crushers' demand for this sunflowerseed is small because Russian consumers still cannot afford to pay bonus prices for high oleic oil. Russian consumer interest in "healthy food" increased in 2013-2014. However, in the last two years, along with the decline of average incomes of Russian consumers, preferences have reverted to lower priced vegetable oil from "healthy" vegetable oil.

Feed, Seed, Waste Consumption:
Livestock and poultry producers increased consumption of semi- and whole fat oilseeds in feeds. However, there are no official data on such consumption.

Soybeans
According to Russian officials[12], Russia still does not produce enough soybeans to meet the demand of the livestock and poultry industries, and up to 43% of soybeans are imported.[13] Development of the Russian poultry and livestock industries still depends, to a large extent, on imported protein ingredients, vitamins, and additives. Soybean meal comprises a significant portion of protein feeds. According to industry sources, in production of broilers, feeds comprise 70 percent of the cost of production.

[12] Reports at the "Where the Margin Is" conference
[13] http://kvedomosti.ru/news/rossiya-importiruet-43-soi.html

Soybean meal comprises approximately 20 percent of the volume of feeds for broilers, but in terms of value, according to the Vice President of the International Program of Development of Poultry Production,[14] the value of soybean meal is equal to the value of the other 80 percent of feeds. Thus, soybean meal accounts for approximately 35 percent of the cost of production of broilers.

Global production and supply of soybeans has been growing during the last five years, and despite the strong and growing global demand, soybean prices in U.S. Dollars, have been stable. However, Ruble volatility in 2014-2016 increased the cost of imported soybeans and soybean meal, which may result in an increased cost of broiler production, which might not be balanced by the decreasing prices for the grain component of feeds.

Trade:

Russian trade in oilseeds in MY 2017/18 will be influenced by several factors:

- Domestic production of oilseeds. Crushing capacity in Russia already exceeds oilseeds production. Given that the high domestic demand for oilseeds is based on demand of large agro-holding companies, crushers and feed consumers, domestic demand will prevail over other factors that stimulate exports of raw oilseeds.
- Decreased export duties on sunflowerseed, rapeseed and zero export duty on soybeans could stimulate exports of these oilseeds;
- Volatility of Russian Ruble. In MYs 2015/16 and the first half of MY 2016/17, Ruble volatility was a very important factor that significantly influenced trade: a weak Ruble increases the incentive to export seeds, while a stronger Ruble increases incentives to sell seeds domestically. However, there is no direct correlation: the domestic demand for vegetable oil has almost reached the ceiling (see Oils section), and crushers are trying to increase exports of vegetable oil. A weak Ruble facilitates this goal. In the beginning of CY 2017, the Russian Ruble has stabilized. There are economic symptoms that indicate that this stability may last through the end of MY 2016/17, and possibly into MY 2017/18; and
- Increased domestic competition for oilseeds. In order to keep their margins high, domestic crushers, wherever possible, try to decrease their purchase prices for sunflowerseed. In turn, farmers try to increase their sales of sunflowerseed directly to exporters.

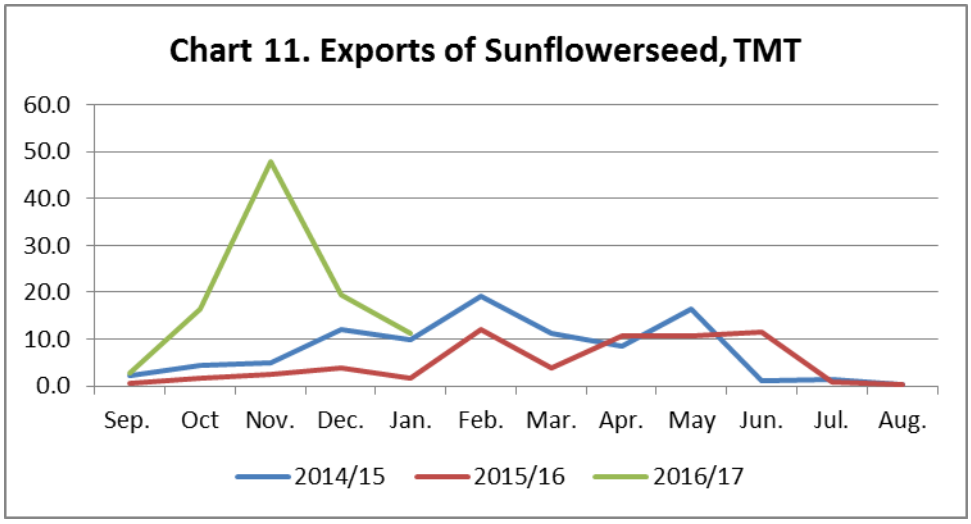
Thus, incentives for exports of sunflowerseed and rapeseed will not be high. However, given the decreased export duties on sunflowerseed and rapeseed, exports may grow slightly. Exports of soybeans from the Far East will continue to increase because of high demand from China. Moreover, crushing capacity in the Russian Far East is still lower than production, and new facilities in Amur Oblast and in Primorskiy Kray may not start working at full capacity in MY 2017/18.

FAS/Moscow forecasts Russia's total exports of the three major oilseeds at 0.67 MMT, 20 percent up y-o-y, and these exports will include 0.2 MMT of sunflowerseed and 0.4 MMT of soybeans. Russia will also continue exports of niche crops, such as oil flax, Camelina and safflower, and exports of these crops may add another 0.6-0.7 MMT to Russia's oilseeds exports in MY 2017/18. Imports of oilseeds is forecast to grow by 0.1 MMT to 2.36 MMT due to the forecast restoration of soybean imports from estimated 2.0 MMT in MY 2016/17 to 2.1 MMT in MY 2017/18.

[14] http://kvedomosti.ru/news/rossiya-importiruet-43-soi.html

Sunflowerseed (HS1206)
FAS/Moscow forecasts sunflowerseed exports in MY 2017/18 to increase by a maximum 50 TMT, for a total of 200 TMT. In MY 2016/17, FAS/Moscow estimates exports of sunflowerseed at 150 TMT (30 TMT more than the USDA official estimate). Production is still lagging behind the growth of domestic crushing capacity, and a very high demand of domestic crushers prevailed over export-stimulating factors. Despite increased production of sunflowerseed in 2016, decreased export duties on sunflowerseed, as a result to Russia's WTO commitments, and a relatively weak Ruble, Russia's sunflowerseed exports still comprises only 1.4 percent of sunflowerseed domestic production.

From September 2016 through January 2017, Russia exported 98 TMT of sunflowerseed (in the same period last marketing year, Russia exported only 11 TMT of sunflowerseed). In September 2016 through January 2017, Russia's major export markets were Turkey (52,300 MT), France (19,800 MT), and Romania (11,400 MT), Iran and Spain (4,300 MT each), and Azerbaijan (2,900 MT).[15] The Chart below shows that the decrease of the export duty in September 2016, coupled with the forecast of a bumper crop, stimulated exports of sunflowerseed from Russia. In November 2016, Russia exported 21.5 TMT of sunflowerseed to Turkey, 12.8 TMT to France and 7.9 TMT to Romania and 4.3 MT to Spain.



Source: Customs data and analyst reports for January 2017.

Soybeans (HS1201)
FAS/Moscow forecasts soybean exports in MY 2017/18 to increase by 14 percent from last year to 400,000 MT. The increase in exports is principally because of the drop to zero export duties on soybeans and the strong Chinese demand for non-GE soybeans. FAS/Moscow estimates soybean exports in MY 2016/17 at 350,000 MT (50,000 MT lower than USDA official estimate). Russia has exported soybeans only from the Russian Far East, where the soybean crop in 2016 was almost seven

[15] According to industry analysts, a significant portion of sunflowerseed exports reported by Russian Customs (some estimate at 50 percent of exports) are shipped from Crimea. In 2016, Crimean farmers produced 152 TMT of sunflowerseed (in 2015 – 107 TMT), and a significant portion of these seeds are exported. However, it is impossible to deduct these exports from the total Russian sunflowerseed exports reported by Russia's Customs.

percent lower y-o-y. Moreover, Russia has increased crush capacity in the Far East, and domestic demand for soybeans there increased.

From September 2016 through January 2017, Russia exported 147,000 MT of soybeans compared with 208,100 MT in the same period y-o-y. In marketing year 2015/16, Russia exported 97 percent of soybeans to China. In the first five months of MT 2016/17 Russia's exports to China comprised only 84 percent (124,000 TMT), 10,000 MT were exported to the U.S., 8,900 MT were shipped to Iran, 2,100 MT were shipped to Azerbaijan, and 1,000 MT were shipped to South Korea. Small shipments to several other countries account for the remaining 1,000 MT. Russia has not cultivated GE crops before 2016, and in mid-2016 cultivation of GE crops was officially banned. Thus, soybeans of Russian origin are non-GE.

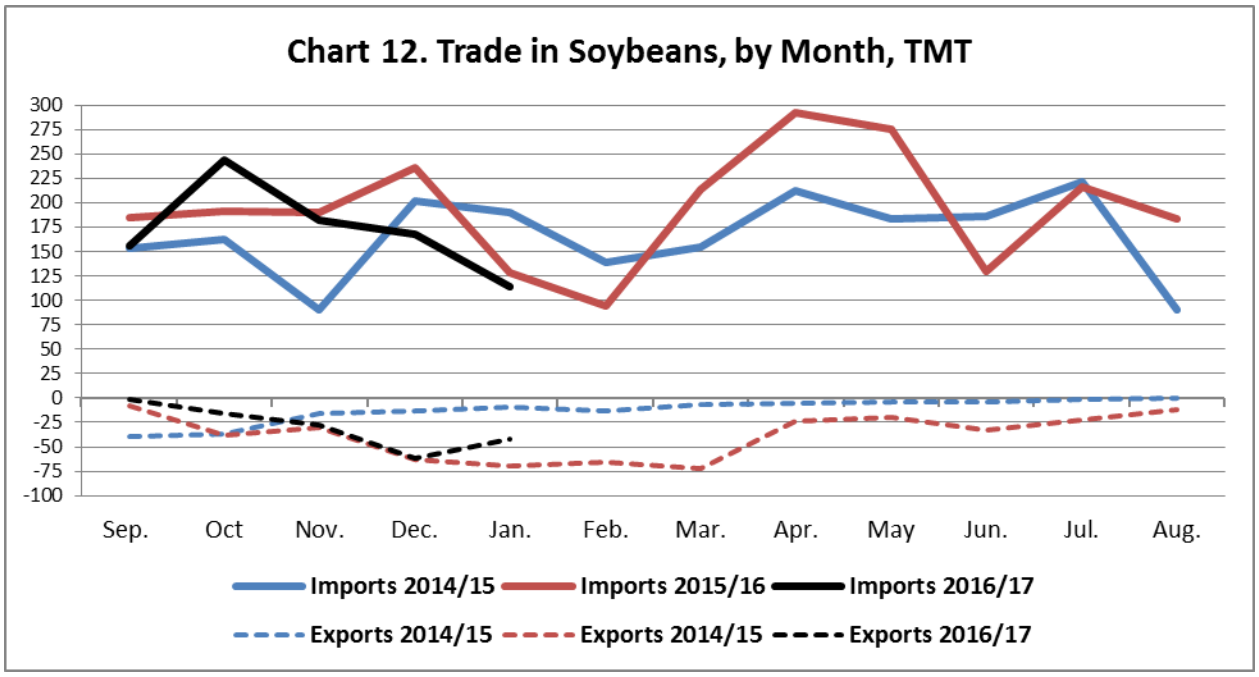
Domestic demand for soybeans remains strong due to stable demand from the poultry and swine industries and a growth in domestic soybean crushing facilities. This demand is filled primarily by soybeans that are produced in European Russia and by imported soybeans. Delivery of soybeans from the Far East to European Russia, where Russian poultry and livestock industries are concentrated, is too expensive. A good soybean crop in European Russia, stabilization (no increase) of development in the Russian poultry and swine industries, trend in large livestock and poultry agro-holdings to increase production of their own feeds, a big feed grains crop in 2016, coupled with the weak Ruble in the first half of 2016/17 have created natural grounds for a slowdown in imports of soybeans in MY 2016/17. SPS protective measures by the Russian authorities[16] and strengthened control over imported GE crops, specifically soybeans, also played an important role in curbing soybean imports to Russia in MY 2016/17. For these reasons, FAS/Moscow lowered its estimate of soybean imports in MY 2016/17 to 2.0 MMT compared with the official USDA estimate at 2.1 MMT, and forecast only a small increase in imports to 2.1 MMT in MY 2017/18.

From September 2016 through January 2017, Russia imported 864.4 TMT[17] of soybeans, including 435.4 TMT from Paraguay, 274.2 TMT from Brazil, 78.5 TMT from Croatia, 29.8 TMT from Canada, and the other approximately 46.5 MMT were imported primarily from Argentina and Uruguay.[18] Soybean imports from the U.S. have been banned since March 2016.

[16] Russia Restricts Imports of US Corn and Soybeans_2-17-2016.pdf

[17] Estimate of imports of soybeans is based on data from GTA in September – December 2016 and data from industry sources for January 2017.

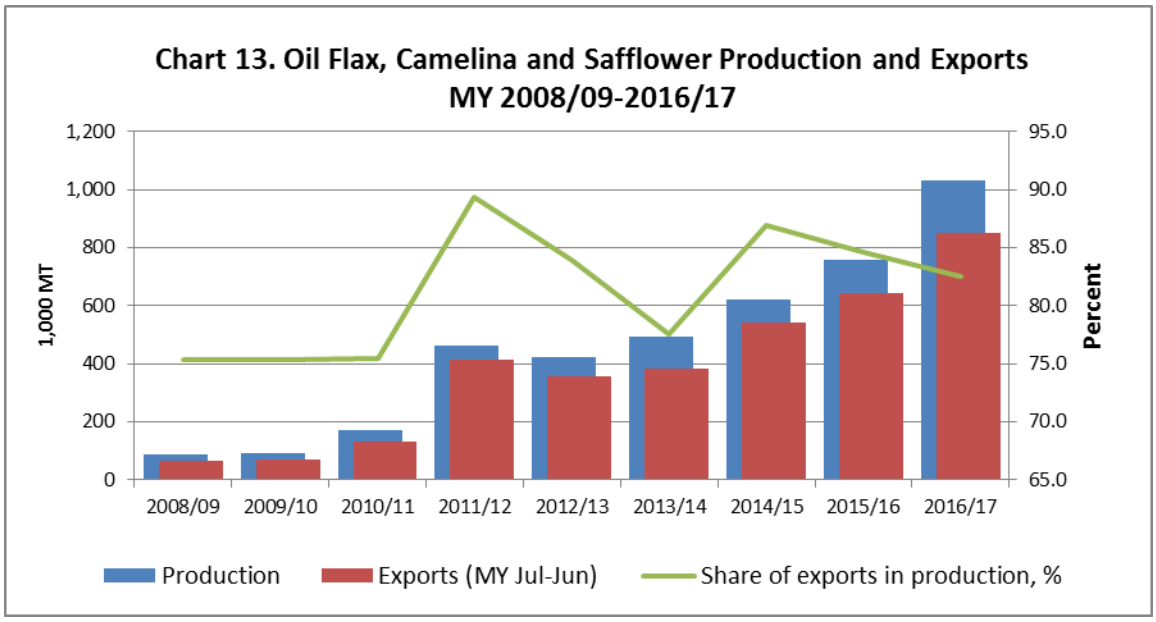
[18] GTA and analysts' statistical data on imports of soybeans from Argentina and Uruguay differ. Thus, GTA reports of imports from Argentina, and does not report on imports from Uruguay, while analysts report on imports from Uruguay and do not report on imports from Argentina.



Source: Customs data and analyst reports for January 2017.

Rapeseed (HS1205)
FAS/Moscow estimates exports of rapeseed in MY 2016/17 at 60 TMT. From July 2016 through January 2017, Russia exported only 56.4 TMT of rapeseed. The main destinations were China (22.2 TMT) and Mongolia (8.4 TMT). Exports to Latvia, Germany, Lithuania and several other countries in these months were less than 2 TMT each. At the same time Russia imported 53.2 TMT of rapeseed, primarily from Kazakhstan. Russia also exported almost 140 TMT of rapeseed oil. Thus, the low export duty did not appear to influence exports. Domestic crushing capacity continues to grow, and exports of rapeseed oil are forecast to grow faster than exports of seed. FAS/Moscow forecasts exports of rapeseed in MY 2017/18 at 70 TMT, due to increased production.

Linseed Crops for Oil (Crown Flax, Camelina) and Safflower (HS numbers 1204 and 1207)
Exports of linseed crops for oil were fanned in 2015/16 and 206/17 by the devaluation of the Ruble and zero export duties on these niche crops. In 2016/17, traders continued developing foreign markets for these crops, and exports of these crops in July 2016 through January 2017 reached 578 TMT (compared with 420 TMT in the same period y-o-y). FAS/Moscow estimates exports of these crops in MY 2016/17 at over 850 TMT. Thus, exports of niche crops are much bigger than exports of both sunflowerseed and rapeseed. Most of these niche crops are exported to Turkey, and to various EU countries, such as Belgium, Latvia, and Poland. In MY 2016/17, Russia also started exporting these niche crops to China and Vietnam.



Source: FAS/Moscow based on Customs and Rosstat data.

Peanuts
FAS/Moscow forecasts that imports of peanuts will remain at the same level in MY 2017/18 as in MY 2016/17 – 140 TMT. FAS/Moscow estimates peanut imports in MY 2016/17, 15 TMT lower than the official USDA estimate.

Stocks

FAS/Moscow forecasts end of MY 2017/18 stocks of three major oilseeds (sunflowerseed, soybean and rapeseed) at 0.46 MMT that is 11 percent lower than the estimated stocks at the end of MY 2016/17. The forecast includes 0.28 TMT of stocks of sunflowerseed (19 percent lower than at the end of MY 2016/17), 0.13 TMT of soybeans (the same as last year), and less than 50 TMT of rapeseed, compared with an estimated 33 TMT at the end of MY 2016/17. Post's forecasted decrease in stocks is primarily due to the increased crush of all major oilseeds.

FAS/Moscow estimates that in MY 2016/17, stocks of oilseeds in Russia will increase from 0.45 MMT at the beginning of MY 2016/17 to 0.52 MMT by the end of MY 2016/17 due to a larger oilseeds, including sunflowerseed, crop in 2016, compared with 2015. However, the increase is not significant because farmers are selling oilseeds to crushers faster than last year. Russian statistical data on stocks is very limited, and primarily cover stocks of oilseeds at big agricultural enterprises. As of February 1, 2017, Russian farmers, according to Rosstat, stored 2.59 MMT of oilseeds, including 1.62 MMT of sunflowerseed, compared with 2.10 MMT and 1.26 MMT respectively on February 1, 2016. However, sales of oilseeds from farms to crushers in January 2017, the month that is considered "slow" because of New Year holidays, were bigger than in January 2016: 373 TMT (including 237 TMT of sunflowerseed), compared with 306 TMT (208 TMT) in January 2016. The faster than last year sales are due to a larger crop and decreasing prices for oilseeds. Usually by the beginning of the next marketing year farmers try to sell-out all stocks of oilseeds, and crushers stop buying sunflowerseed in July and August, and close crushing plants for cleaning and preparation for the next year crop.

Policy

Russia's WTO commitments (eliminating or decreasing export duties on oilseeds) have been gradually implemented after the first year of Russia's WTO membership (August 2012). The table below shows the final export duties at the end of the transition period and export duties as of March 2017, the fourth year of implementation of WTO commitments (Table 7). FAS/Moscow reported on the last changes to export duties of sunflowerseed in a GAIN report.[19]

Table 7. Russia's WTO Commitments:

HS No	Name of Product	Export duty before WTO accession	Target export duty	Transitional Period	Export duty from September 2013 through August 2014	Export duty from September 2014 through August 2015	Export duty beginning September 2015	Export duty beginning September 2016
1201	Soybean	20 percent, but not less than 35 Euro per 1 MT	0	3 years	13.33 percent, but not less than 23.33 Euro per 1 MT	6.67 percent, but not less than 11.67 Euro per 1 MT	0	None
1205	Rapeseed	20 percent, but not less than 35 Euro per 1 MT	6.5 percent, but not less than 11.4 Euro per 1 MT	3 years	15 percent, but not less than 27.13 Euro per 1 MT	11 percent, but not less than 19.26 Euro per 1 MT	6.5 percent, but not less than 11.4 Euro per 1 MT	6.5 percent, but not less than 11.4 Euro per 1 MT
1206	Sunflowerseed	20 percent, but not less than 30 Euro per 1 MT	6.5 percent, but not less than 9.75 Euro per 1 MT	4 years	16.62 percent, but not less than 24.94 Euro per 1 MT	13.24 percent, but not less than 19.88 Euro per 1 MT	9.88 percent, but not less than 14.81 Euro per 1 MT	6.5 percent, but not less than 9.75 Euro per 1 MT

[19] Russian Agricultural Policy and Situation Bi-Weekly Update 9-16-2016.pdf

120 7 50	Mustard seed	10 percent, but not less than 25 Euro per 1 MT	0	1 year	0	None	None	None

Source: Russian Customs

Russia supports programs of selection and breeding of planting seeds of sunflowerseed and soybeans (see section Planting Seeds, above). These subsidies are relatively small, and the results are not expected in MY 2017/18.

Marketing

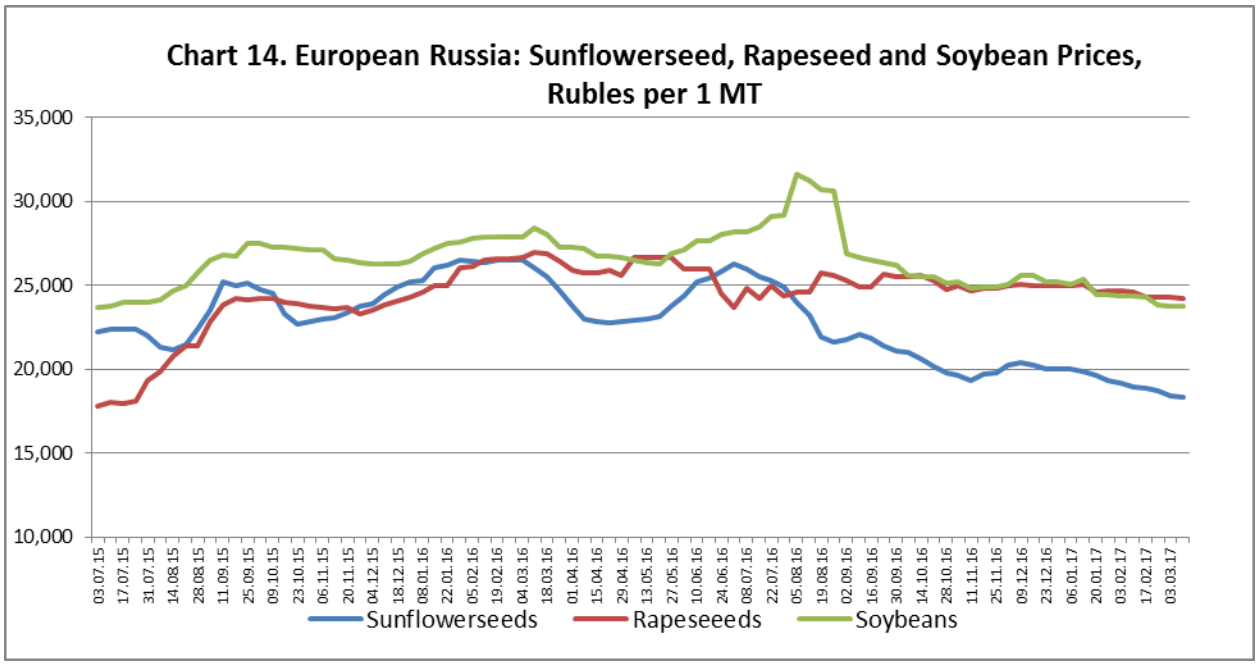
Prices of major oilseeds in MY 2016/17 are influenced by four factors: volume of production, crushers demand, export demand and Ruble exchange rate. Sunflowerseed prices in Rubles have been declining due to the bumper crop. By March 10, 2017 prices had declined nearly 30 percent (in Rubles) from July 2017 prices. Rapeseed prices were more stable, and were supported by lower than last year crop. By March 10, 2017, rapeseed prices even increased by three percent from the beginning of July 2016. Soybean prices peaked in August 2016 and then declined as sharply as they had peaked, to the level of May 2016. Since that sharp decline, they have continued declining at a slow pace. By March 3, 2017, the level of soybean prices in the domestic market was 16 percent lower than in July 2016. The peak in soybean prices in August was caused by both uncertainty about the soybean crop in European Russia and the VPSS's measures that threatened to curb imports of soybeans. A good soybean crop in European Russia, coupled with Russia's bumper crop of feed quality grain, and continuation of imports of soybeans, have stabilized and then decreased soybean prices. However, according to industry analysts, domestic production of all oilseeds still remains profitable despite the decreased prices due to the following factors:

- Increased Russian crushing capacity has increased domestic demand for raw materials;
- The step-by-step decrease in export duties on sunflowerseed, rapeseed and zero export duty on soybeans (Table 7), along with the weak Ruble in MY 2015/16 created incentives for exports of oilseeds from Russia.

In fall 2016, the Ruble exchange rate stabilized, and this lowered the incentive to export oilseeds. It also contributed to a decline in the domestic prices for oilseeds. According to industry analysts, the margin of oilseed producers decreased in MY 2016/17, but this margin is still higher than the margins seen in grain production, and still favors oilseed producers. According to analysis of IKAR, the "net margin" (in Rubles per hectare) from the production of sunflowerseed in the South of European Russia decreased from approximately 42,000 Rubles ($656) per hectare in MY 2015/16 to approximately 32,000 Rubles ($500) per hectare in MY 2016/17. However, this margin was still higher than the margin from production of wheat, barley and corn in the South. In Central European Russia the margin from production of sunflowerseed also decreased y-o-y, but was higher than the margin from production of all other crops, such as wheat, barley, corn, soybeans, and sugar beets. The net margin: from production of soybeans in the South was almost the same as last year, approximately 19,000 Rubles ($267) per

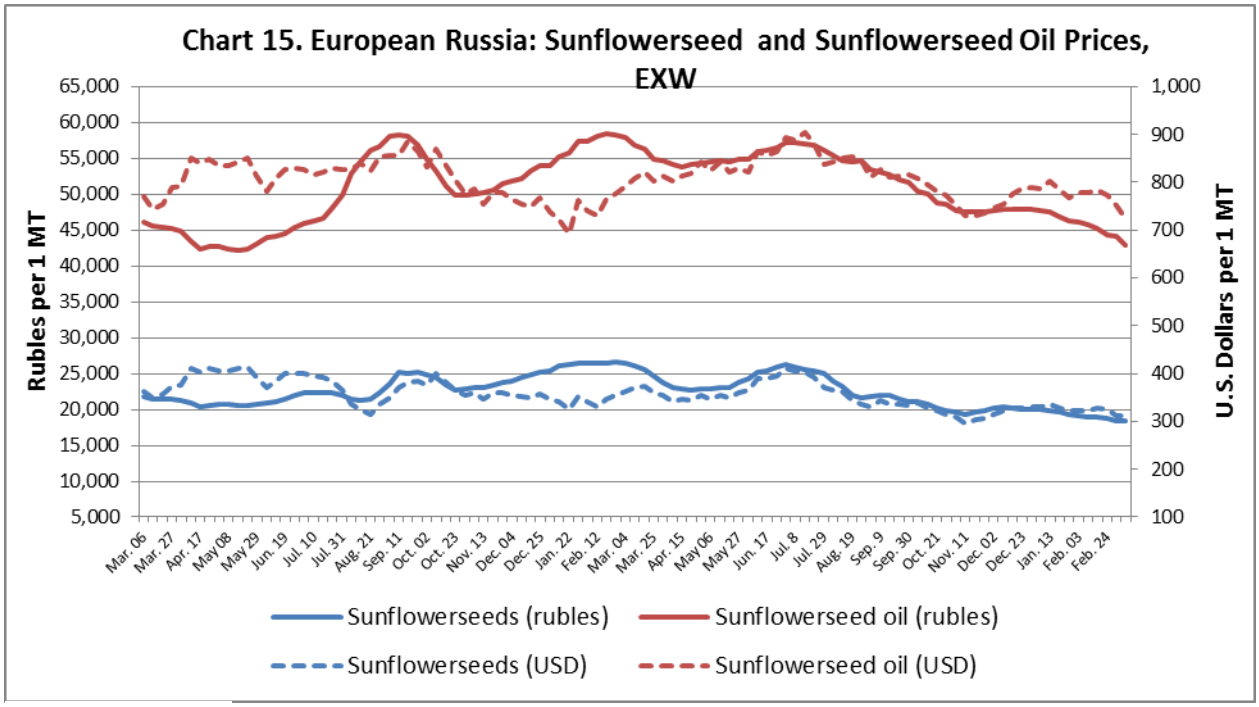
hectare, and was the third lowest margin (only margins from production of barley and corn were lower). In Central European Russia the margin from production of soybeans was over 31,000 Rubles, higher than in 2015/16, and soybeans were the second most profitable crop after sunflowerseed in this region[20].

On the other hand, for processors, stable procurement prices along with the decreasing demand for vegetable oils in the foreign markets, and decreasing prices for these products both in Rubles and in U.S. Dollars, will decrease processors' returns.



Source: ProZerno

[20] Source: Presentation of IKAR at the Conference "Where the Margin Is" in February 2017: http://www.ikar.ru/lenta/603.html



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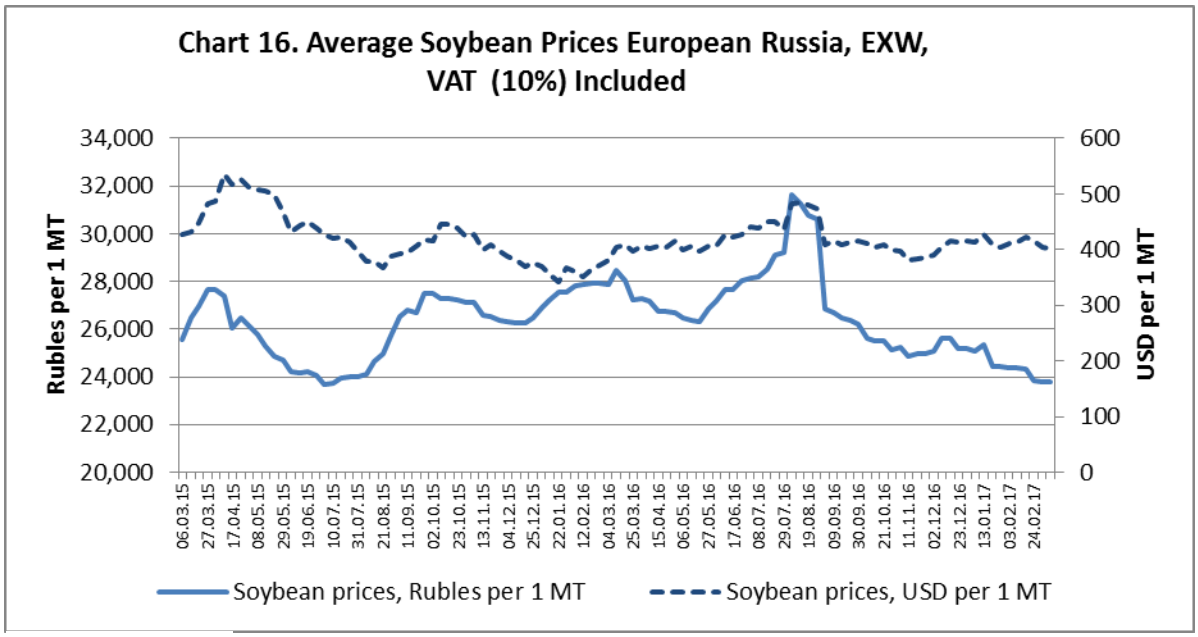
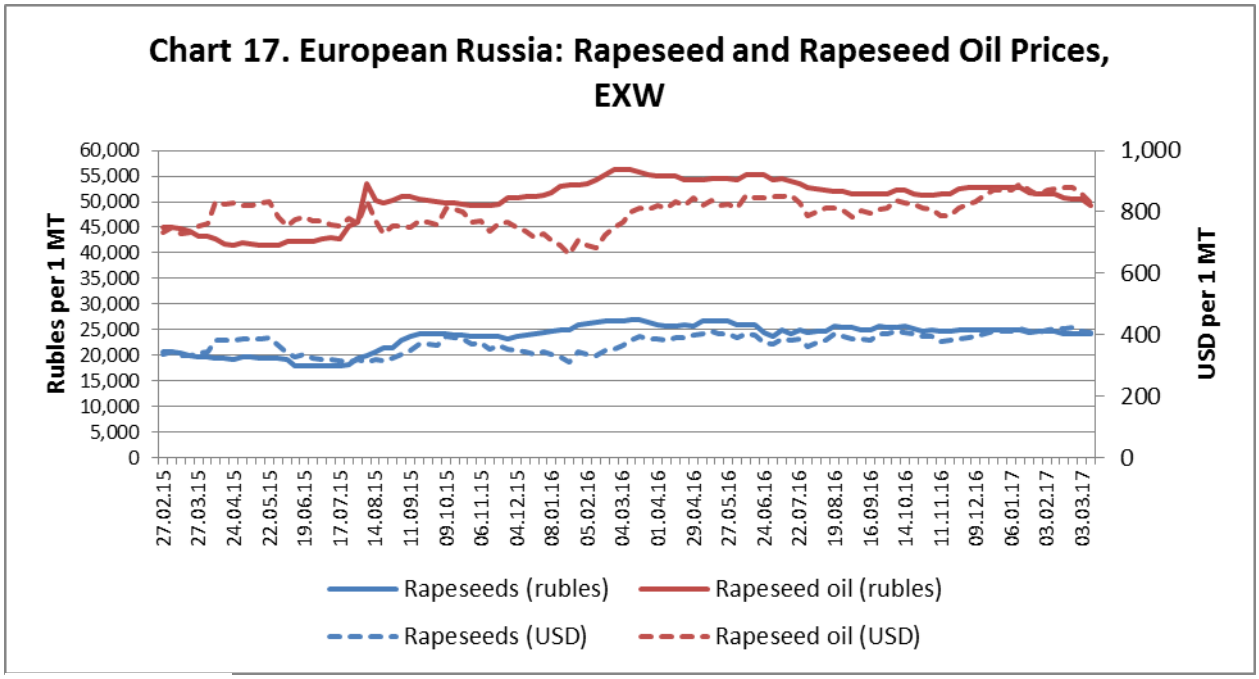


Source: ProZerno



Source: ProZerno

PSD Tables for Oilseeds

Oilseed, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	6921	0	7481	0	7400
Area Harvested	6454	6454	6962	7191	0	7150
Beginning Stocks	135	135	255	255	0	353
Production	9173	9173	10536	10858	0	11000
MY Imports	121	121	50	50	0	50
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	9429	9429	10841	11163	0	11403
MY Exports	104	104	120	150	0	200
MY Exp. to EU	10	10	10	10	0	10
Crush	8550	8550	9850	10100	0	10400
Food Use Dom. Cons.	220	220	220	220	0	220
Feed Waste Dom. Cons.	300	300	300	340	0	300
Total Dom. Cons.	9070	9070	10370	10660	0	10920
Ending Stocks	255	255	351	353	0	283
Total Distribution	9429	9429	10841	11163	0	11403
(1000 HA) ,(1000 MT)						

Oilseed, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2000	2000	2200	2228	0	2300
Area Harvested	2082	2082	2094	2118	0	2200
Beginning Stocks	109	109	146	146	0	131

Production	2707	2707	3099	3135	0	3200
MY Imports	2336	2336	2100	2000	0	2100
MY Imp. from U.S.	486	350	300	0	0	300
MY Imp. from EU	0	0	0	0	0	0
Total Supply	5152	5152	5345	5281	0	5431
MY Exports	456	456	400	350	0	400
MY Exp. to EU	0	0	0	0	0	0
Crush	4050	4050	4300	4300	0	4350
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	500	500	500	500	0	550
Total Dom. Cons.	4550	4550	4800	4800	0	4900
Ending Stocks	146	146	145	131	0	131
Total Distribution	5152	5152	5345	5281	0	5431
(1000 HA) ,(1000 MT)						

Oilseed, Rapeseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	925	925	950	978	0	1000
Area Harvested	897	897	915	898	0	910
Beginning Stocks	57	57	51	51	0	33
Production	1001	1001	997	997	0	1100
MY Imports	40	40	70	60	0	60
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	3	3	0	0	0	0
Total Supply	1098	1098	1118	1108	0	1193
MY Exports	32	32	50	60	0	70
MY Exp. to EU	5	5	5	5	0	5
Crush	990	990	990	990	0	1050
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	25	25	25	25	0	25
Total Dom. Cons.	1015	1015	1015	1015	0	1075
Ending Stocks	51	51	53	33	0	48
Total Distribution	1098	1098	1118	1108	0	1193
(1000 HA) ,(1000 MT)						

Oilseed, Peanut	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	4	4	5	5	0	5
Production	0	0	0	0	0	0
MY Imports	156	156	160	140	0	145
MY Imp. from U.S.	2	2	2	2	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	160	160	165	145	0	150
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	155	155	160	140	0	145
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	155	155	160	140	0	145
Ending Stocks	5	5	5	5	0	5
Total Distribution	160	160	165	145	0	150

(1000 HA) ,(1000 MT)						

MEALS

- Meal, Sunflowerseed
- Meal, Soybean
- Meal, Rapeseed
- Meal, fish

Production

FAS/Moscow forecasts total crush of the three major oilseed crops at 15.8 MMT in MY 2017/18, which is a 2.7 percent increase from the estimated 15.39 MMT in MY 2016/17. The factors that will motivate the further increase (although slow) in the crushing and production of meal are the following:

- Crushing capacity in Russia continues to increase (see Consumption paragraphs in the OILSEED sector of the report);
- Domestic demand in protein feeds remains strong; and
- Problems with imports of soybean meal may continue in MY 2017/18.

FAS/Moscow's forecast for MY 2017/18 includes crush of 10.4 MMT for sunflowerseed (10.1 MMT in MY 2016/17), 4.35 MMT for soybeans (4.3 MMT in MY 2016/17), and 1.05 MMT for rapeseed (0.99 MMT in MY 2016/17). Russia's total domestic production of the three major oilseed meals will increase to 8.29 MMT in MY 2017/18 (estimate for MY 2016/17 is 8.13 MMT), including 4.27 MMT of sunflowerseed meal (4.15 MMT in MY 2016/17), 3.4 MMT of soybean meal (3.39 MMT in MY 2016/17), and 0.62 MMT of rapeseed meal (0.59 MMT in MY 2016/17).

Table 8. Russia: Consolidated PSD Forecast for Major Meals for MY 2017/18, TMT

POST MY 2017/18	Sunflowerseed	Soybean	Rapeseed	Fish Meal	TOTAL
Crush	10,400	4,350	1,050	570	16,370
Extr. Rate, 999.9999	0.411	0.782	0.591	0.263	
Beginning Stocks	294	65	10	4	373
Production	4,270	3,400	620	150	8,440
MY Imports	5	300	10	20	335
MY Imp. from U.S.	0	10	0	0	10
MY Imp. from EU	5	150	0	0	155
Total Supply	4,569	3,765	640	174	9,148
MY Exports	1,700	400	150	50	2,300
MY Exp. to EU	800	100	150	0	1,050
Industrial Dom. Cons.	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0
Feed Waste Dom. Cons.	2,600	3,300	480	120	6,500
Total Dom. Cons.	2,600	3,300	480	120	6,500
Ending Stocks	269	65	10	4	348

Total Distribution	4,569	3,765	640	174	9,148

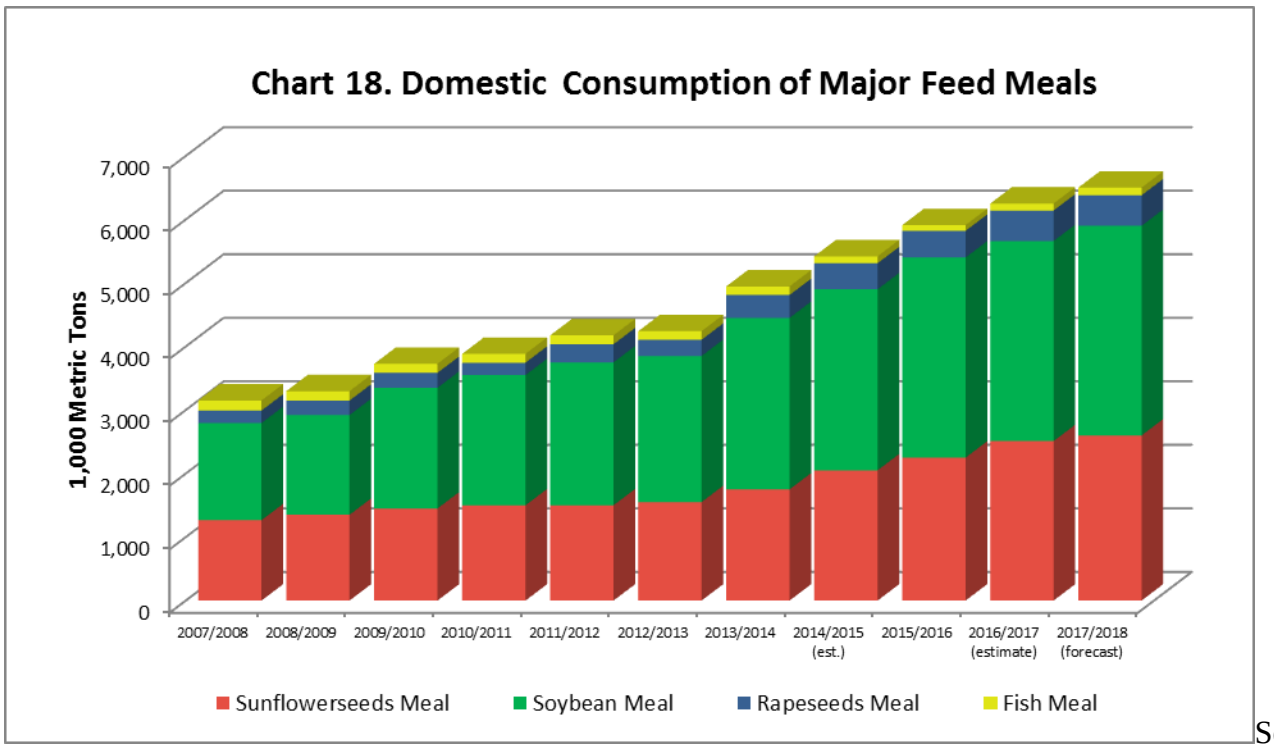
Note: The above table is composed of PSD forecast for each meal despite differing marketing years.

Russia produces and trades fish meal as well, although Russia's production of fish meal is small. FAS/Moscow estimates domestic production of fish meal in MY 2016/17 at 145,000 MT, imports at 20,000 MT, and exports at 55,000 MT. These estimates are the same as USDA's estimates. Fish meal production, imports and exports have been stagnating over the last several years. There are almost no reliable statists on production of fish meal in Russia. The demand in fish meal has been growing in Russia along with attempts to develop the domestic aquaculture industry based on feeding fish meal. However, statistical data on fish catch and exports are not reliable, because significant volumes of fish are shipped abroad and are not reported. Thus, FAS/Moscow forecasts a slight increase in production of fish meal in MY 2017/18 to 150,000 MT. Imports are forecast to remain the same as in MY 2016/17, while exports are forecast to increase to 60,000 MT.

Feed Consumption

FAS/Moscow forecasts Feed Waste Domestic Consumption of oilseed meals at 6.38 MMT in MY 2017/18, compared to the FAS/Moscow estimate of 6.14 MMT in MY 2016/17, and USDA's estimate of oilseed meal consumption in MY 2016/17 at 6.32 MMT. The difference between the Post estimate and the USDA estimate is due to the adjustment to the imports of soybean meal. FAS/Moscow's estimates of soybean meal imports are based on Customs data for the period from September 2016 to January 2017, and estimates for the MY 2016/17 are 100,000 MT compared with the USDA's estimate of 450,000 MT.

Chart 18 shows the change in the domestic consumption of major meals in Russia in the last ten years and the forecast for MY 2017/18. The data are in actual volumes for different meals.



Source: FAS/Moscow based on PSD data

Table 9 presents the aggregated view on feed consumption in Russia in MY 2015/16, MY 2016/17 (estimate) and forecast for MY 2017/18 in soybean meal equivalent (SME). The estimates and forecasts are based on the assumption that Feed Domestic Consumption category equals the Feed Waste Domestic Consumption. Data for grains consumption (Feed and Residual) are for marketing years 2015/16 and 2016/17, because FAS/Moscow's forecast for grains for MY 2017/17 will be available only in April 2017.

Table 9. Russia: Domestic Feeds Consumption in MYs 2015/16, 2016/17, and Forecast for 2017/18, TMT, Actual and in Soybean Meal Equivalent

	Feeds Domestic Consumption (actual)			Feeds Domestic Consumption in SME			
	MY 2015/16	MY 2016/17 (est)	MY 2017/18 (forecast)	MY 2015/16	MY 2016/17 (est)	MY 2017/18 (forecast)	Soybean Meal Conversion Factor
Meals							
Sunflowerseed Meal	2,250	2,510	2,600	**2,124**	**2,370**	**2,455**	0.9442
Soybean Meal	3,150	3,150	3,300	**3,150**	**3,150**	**3,300**	1.0000
Rapeseed Meal	420	480	480	**299**	**342**	**342**	0.7115

Fish Meal	90	110	120	**130**	**159**	**173**	1.4450
TOTAL				**5,703**	**6,020**	**6,270**	
Seeds							
Sunflowerseed	300	340	300	**156**	**177**	**156**	0.5193
Soybeans	500	500	550	**400**	**400**	**440**	0.8000
Rapeseed	25	25	25	**10**	**10**	**10**	0.4091
TOTAL				**566**	**587**	**606**	
Grain							
Corn	7,800	8,100		**1,284**	**1,333**		0.1646
Wheat	14,000	16,000		**3,179**	**3,634**		0.2271
Barley	8,900	9,200		**2,132**	**2,204**		0.2396
Rye	225	300		**56**	**75**		0.2500
Oats	3,000	3,050		**875**	**890**		0.2917
Millet	320	330		**73**	**76**		0.2292
TOTAL				**7,600**	**8,212**		

FAS/Moscow estimates that consumption of meal in SME in Russia increased in MY 2016/17, and forecasts that this consumption will continue growing in 2017/18. Consumption of grain, as a source of energy also increased. However, there are no official data on the balance between protein meal and energy in feeding different types of animal and livestock. According to the recent FAS/Moscow report on poultry production,[21] on average, Russian poultry producers in 2015 and 2016 increased the portion of grain in mixed feeds. However, leaders in the poultry industry continue using feeds according to the best feeding practices, but most of them have their own feed mills and produce feeds from raw materials that they grow themselves. According to Rosstat, 14 MMT of compound feeds were produced specifically for the poultry industry in 2015, and the lion's share, approximately 10 MMT, were produced by companies from the list of the top 20 broiler producers.

There are no official data on the average composition of feeds for different industries. In 2016, development of the poultry industry slowed and consumer demand for poultry stabilized. For some poultry producers, the price of ingredients became the major factor in choosing feeding formulas. In MY 2015/16 and 2016/17, the supply of fodder grains increased and prices decreased. However, the

[21] https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Semi-annual_Moscow_Russian%20Federation_2-16-2017.pdf

expenses for other ingredients, such as soy, vitamins and minerals, as well as the cost of production of compound feeds may increase in MY 2017/18, and poultry producers may continue using more grain in feeds than required by optimal feeding formulas.

Some big Russian meat companies that have poultry, swine and cattle operations support development of domestic production of feed ingredients. Thus, two lysine plants were recently opened in Belgorod[22] and in Volgograd.[23] The two new plants have enough capacity to cover the needs of the whole broiler industry.[24] According to industry contacts however, problems with the quality of lysine from one of the new plants reportedly hurt the performance of its clients in the first half of 2016. Regardless of this hurdle, if production costs of compound feeds grow due to prices of imported ingredients, the expectation for 2017 is that low prices for local grain, oilseeds and other ingredients can improve margins for some poultry producers.

The absence of highly efficient competitors in the market allows local companies to maintain a relatively high ratio of low priced domestic forage grains in feeds, even at the expense of operational efficiency. The average feed conversion ratio (FCR), 1.85-1.87,[25] allows the domestic industry to win market share over current importers. As internal competition becomes more intensive, broiler companies that have a feed production component in their business structure (so called "vertically integrated agricultural corporations") will take the most advantage of the situation in the feeds market. If prices for proteins increase, this will contribute to faster consolidation in the broiler production sector.[26]

Trade

Imports

FAS/Moscow forecasts imports of the three major oilseed meals (sunflowerseed, soybeans, and rapeseed) in MY 2017/18 at 315 TMT, a slight recovery from the estimated 125 TMT's import of oilseed meal in 2016/17, which was the lowest in the last five years. In MY 2017/18, most of imported oilseed meal, as forecast, will be soybean meal. Imports of sunflower meal and rapeseed meal are sporadic and very small. In addition FAS/Moscow forecast imports of 0.15 MMT of fish meal in MY 2017/18, the same level as in MY 2016/17.

In MY 2016/17, soybean meal imports were influenced primarily by the Russian anti-GE policy. Despite high demand in soybean meal, and removal of import duties in 2012 as a result of WTO accession, soymeal imports in MY 2016/17 dropped significantly. FAS/Moscow estimates MY 2016/17 soybean meal imports at 100 TMT, 350 TMT lower than the USDA's official estimate. The weak Ruble at the beginning of MY 2016 played some role in the decrease of imports. However, the main role in cutting soybean meal imports belongs to non-market factors, such as the tightened registration requirements for GE lines that may occur in feeds, and registration of feeds that may contain GE

[22] Leading Poultry producer "Prioskolye" invested in lysine production plant in Belgorod Region. The plant started operations in September 2015.
[23] LLC "Megamix" http://megamix.ru/contacts/
[24] Article in Russian : Amino Acids Market in Russia Outlook http://www.agritimes.ru/articles/1913/tendencii-rossijskogo-rynka-aminokislot/
[25] FCR Sources: Ministry of Agriculture; Rosptitsesouz.
[26] Soure: FAS/Moscow GAIN report on poultry

ingredients.[27] Russia requires that soybean meal includes only registered lines of GE soybeans, and at the same time tightened requirements for registration of GE lines and GE feeds, and significantly improved mechanisms and equipment for testing presence of GE ingredients in feeds.[28] These strict requirements, coupled with a good domestic crop of feed quality grains and oilseeds, including soybeans, and continued imports of soybeans for crushing, caused a significant decrease in imports of soybean meal in MY 2016/17. Production of poultry and swine slowed down in 2016, and FAS/Moscow forecast that this trend will continue through 2017.[29] Due to the above mentioned factors imports of soybean meal drastically decreased in the first half of MY 2016/17, and is unlikely to be restored by the end of MY 2016/17. FAS/Moscow estimates soybean meal imports in MY 2016/17 at 100 TMT. From September 2016 through January 2017, Russia imported 29 TMT of soybean meal. This is only 27 percent of the volume of imports during the same period in MY 2015/16. The small quantities of soybean meal imports during this period came primarily from the EU countries: Spain, Latvia, Norway, and Germany.

Some restoration of imports of soybean meal in MY 2017/18 is possible if Russia eases the registration of GE lines, especially stacked lines, if production of grain and oilseeds in Russia decreases, or if demand for high quality and efficient protein feeds from Russia's poultry industry increases. Given these factors, FAS/Moscow forecasted imports of soybean meal in MY 2017/18 to triple from an estimated level of 100 TMT in 2016/17 to 300 TMT, although these imports still will be lower than imports in MY 2015/16.

Exports

Russia increased sunflowerseed production in 2016, and increased crushing. Meanwhile, domestic demand for sunflowerseed meal was flat, and Russia increased exports of sunflowerseed meal from 1.2 MMT in MY 2015/16 to the estimated 1.6 MMT in MY 2016/17 (the same as USDA estimate). FAS/Moscow forecasted exports of sunflowerseed meal in MY 2017/18 at the same level as in MY 2017/18 – 1.6 MMT. From September 2016 through January 2017, Russia exported 726 TMT of sunflowerseed meal that is 24 percent more than in the same period last year. The main customers of Russian sunflowerseed meal in this period were Turkey (299 TMT), Latvia (200 TMT), Denmark (51 TMT), Italy (40 TMT), Cyprus (19 TMT) and Azerbaijan (14 TMT). Smaller shipments (from 1 TMT to 6 TMT were sent to over 15 countries. FAS/Moscow forecast sunflowerseed meal exports to increase in MY 2017/18 to 1.7 MMT.

Considering that Russia's domestic production of soybeans will continue increasing, and that Russia will ease terms of imports of soybeans for crushing, FAS/Moscow forecasts that soybean meal exports will slightly increase to 0.4 MMT in MY 2017/18. FAS/Moscow estimates soybean meal exports in MY 2016/17 at 350 TMT, 28 percent less than in MY 2015/16. Post assumes that the sharp increase of soybean meal exports in MY 2015/16 was primarily due to the weak Ruble and significant imports of

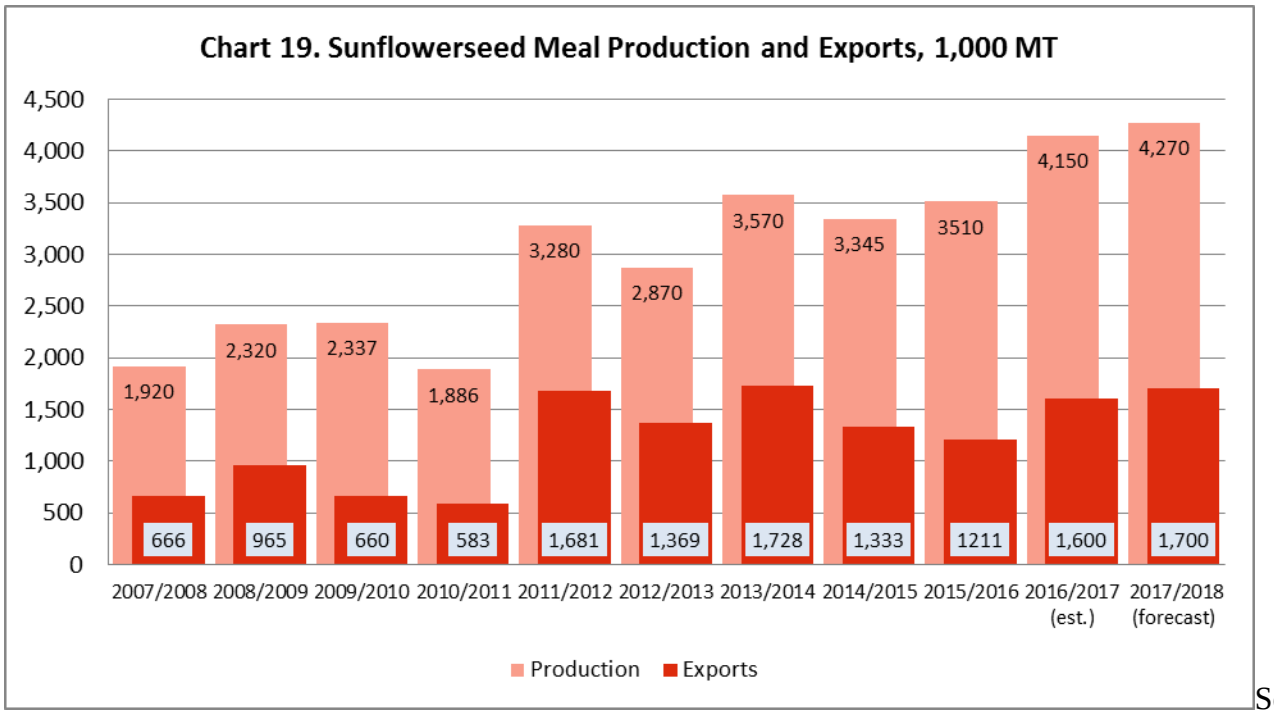
[27] For more information see FAS/Moscow GAIN report https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agricultural%20Biotechnology%20Annual_Moscow_Russian%20Federation_12-9-2016.pdf

[28] For more information on Russia's requirements see FAS/Moscow GAIN report https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agricultural%20Biotechnology%20Annual_Moscow_Russian%20Federation_12-9-2016.pdf

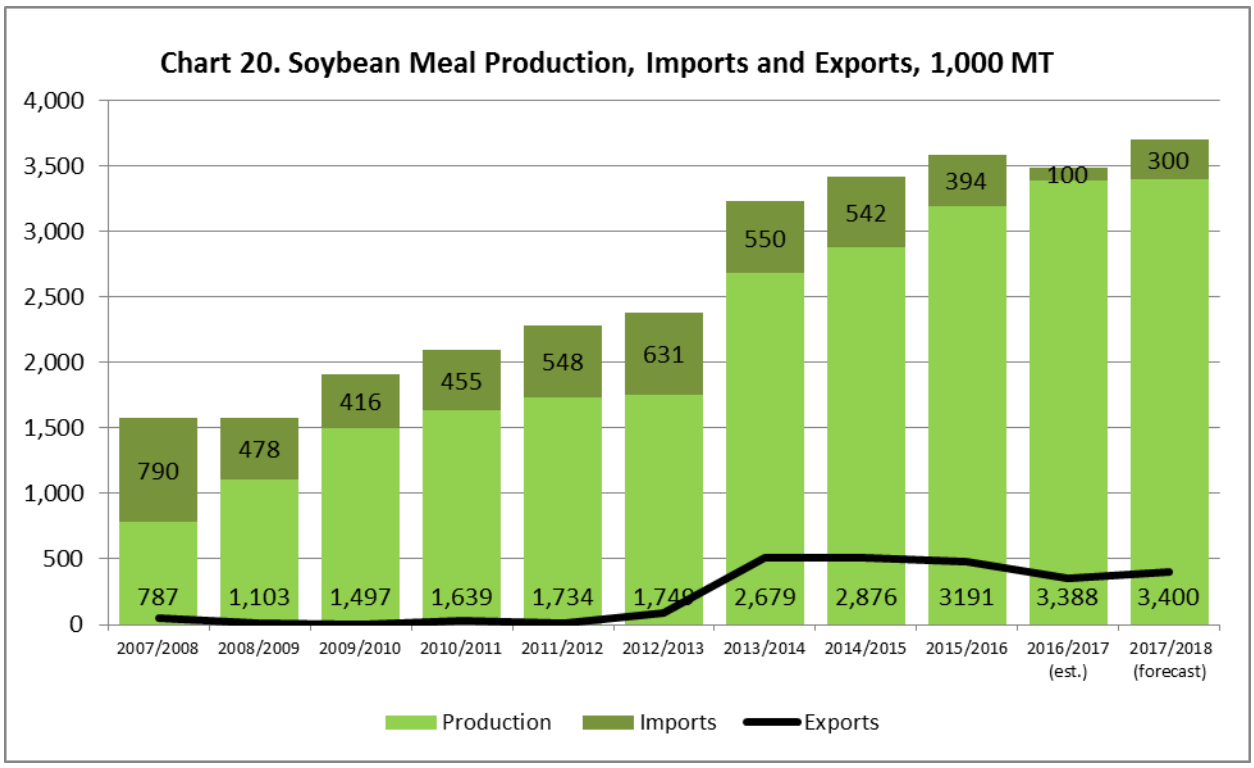
[29] For more information see FAS/Moscow GAIN reports: https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Semi-annual_Moscow_Russian%20Federation_2-16-2017.pdf and

soybean. The major crusher of imported soybeans is a company located in Kaliningrad Oblast, and this company not only supplies soybean meal domestically, but also exports soybean meal. From September 2016 through January 2017 (5 months of MY 2016/17), Russia exported 126 TMT of soybean meal that is 28 percent less than in the same period last year. The main importers of Russia's soybean meal during this period were Netherlands (24 TMT), Poland (22 TMT), Norway (20 TMT), Uzbekistan (14 TMT), and Denmark (12 TMT).

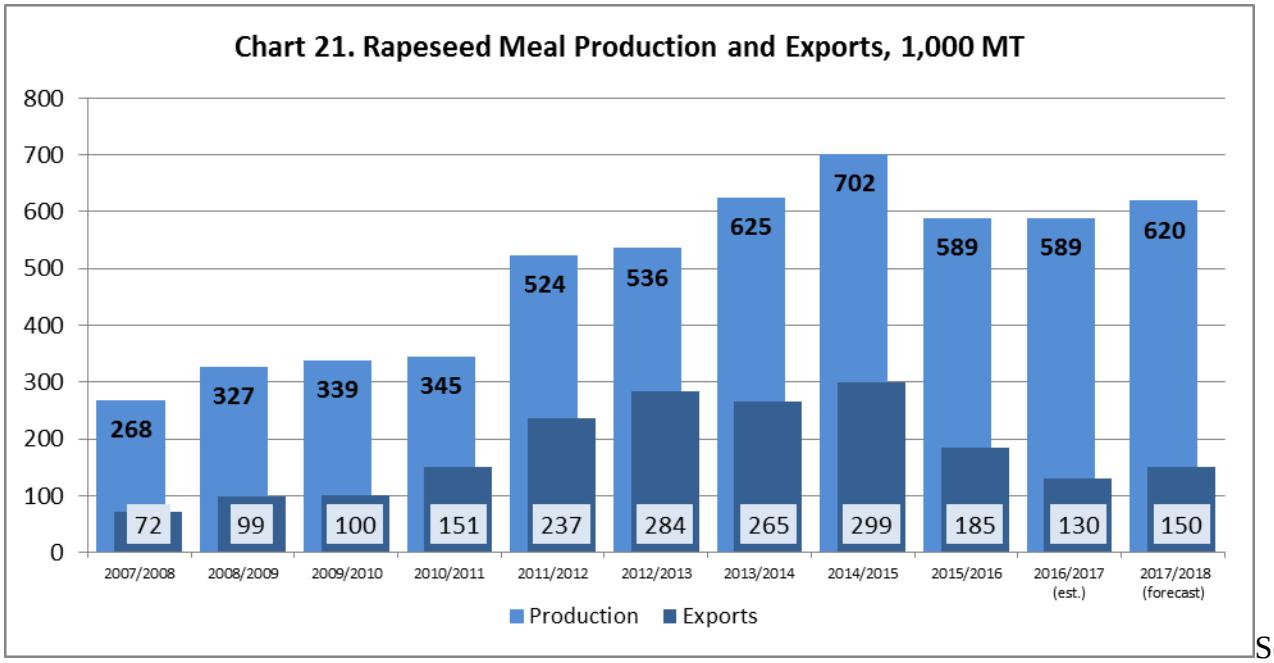
Russia also exports rapeseed meal. In MY 2016/17, rapeseed meal exports slowed down due to decreased production of rapeseed. From July 2016 through January 2017, Russia exported 84 TMT of rapeseed meal that is 32 percent less than in the same period last year. Most exports went to EU countries. Assuming that this trend continues through the rest of MY 2016/17, FAS/Moscow estimated Russia's rapeseed meal exports in MY 2016/17 at approximately 130 TMT. FAS/Moscow forecast that rapeseed production will recover in 2017, and Russia will restore rapeseed meal exports to 150 TMT.



Source: FAS/Moscow calculated based on PSD data.



Source: FAS/Moscow based on PSD data



Source: FAS/Moscow based on PSD data

Stocks

There are no official data on stocks of meal in Russia. Industry analysts also do not report on oilseed meal stocks. FAS/Moscow forecasts that stocks of meal, by the end of MY 2017/18, will decrease to

348 TMT from the estimated stocks of meal at 373 TMT at the end of MY 2016/17. The forecasted stocks of meal at the end of MY 2017/18 will include 269 TMT of sunflowerseed meal, 65 TMT of soybean meal, 10 TMT of rapeseed meal and 4 TMT of fish meal.

PSD Tables for Meal

Meal, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8550	8550	9850	10100	0	10400
Extr. Rate, 999.9999	0.4105	0.4105	0.4106	0.4109	0	0.4106
Beginning Stocks	193	193	249	249	0	294
Production	3510	3510	4044	4150	0	4270
MY Imports	7	7	5	5	0	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	5	5	5	5	0	5
Total Supply	3710	3710	4298	4404	0	4569
MY Exports	1211	1211	1600	1600	0	1700
MY Exp. to EU	675	675	800	700	0	800
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	2250	2250	2500	2510	0	2600
Total Dom. Cons.	2250	2250	2500	2510	0	2600
Ending Stocks	249	249	198	294	0	269
Total Distribution	3710	3710	4298	4404	0	4569
(1000 MT) ,(PERCENT)						

Meal, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4050	4050	4300	4300	0	4350
Extr. Rate, 999.9999	0.7879	0.7879	0.7879	0.7879	0	0.7816
Beginning Stocks	121	121	77	77	0	65
Production	3191	3191	3388	3388	0	3400
MY Imports	394	394	450	100	0	300
MY Imp. from U.S.	10	10	10	10	0	10
MY Imp. from EU	150	150	150	80	0	150
Total Supply	3706	3706	3915	3565	0	3765
MY Exports	479	479	450	350	0	400
MY Exp. to EU	100	100	100	100	0	100
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3150	3150	3360	3150	0	3300
Total Dom. Cons.	3150	3150	3360	3150	0	3300
Ending Stocks	77	77	105	65	0	65
Total Distribution	3706	3706	3915	3565	0	3765
(1000 MT) ,(PERCENT)						

Meal, Rapeseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	990	990	990	990	0	1050

Extr. Rate, 999.9999	0.5949	0.5949	0.5949	0.5949	0	0.5905
Beginning Stocks	6	6	11	11	0	10
Production	589	589	589	589	0	620
MY Imports	21	21	20	20	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	1	1	1	1	0	0
Total Supply	616	616	620	620	0	640
MY Exports	185	185	150	130	0	150
MY Exp. to EU	150	150	150	120	0	150
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	420	420	460	480	0	480
Total Dom. Cons.	420	420	460	480	0	480
Ending Stocks	11	11	10	10	0	10
Total Distribution	616	616	620	620	0	640
(1000 MT) ,(PERCENT)						

Meal, Fish	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Catch For Reduction	550	550	550	550	0	570
Extr. Rate, 999.9999	0.2636	0.2636	0.2636	0.2636	0	0.2632
Beginning Stocks	2	2	4	4	0	4
Production	145	145	145	145	0	150
MY Imports	12	12	20	20	0	20
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	159	159	169	169	0	174
MY Exports	65	65	55	55	0	50
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	90	90	110	110	0	120
Total Dom. Cons.	90	90	110	110	0	120
Ending Stocks	4	4	4	4	0	4
Total Distribution	159	159	169	169	0	174
(1000 MT) ,(PERCENT)						

OILS

- Oil, Sunflowerseed
- Oil, Soybean,
- Oil, Rapeseed
- Oil, Palm

Production

Sunflowerseed remains the primary oilseed crop in Russia, and the main product for crushers is still vegetable oil, while meal remains a secondary product. Sunflowerseed oil dominates domestic human consumption of vegetable oils. FAS/Moscow forecasts Russia's total vegetable oil production in MY 2017/18 at 5.49 MMT MMT, 2.4 percent, or 0.13 MMT, more than in MY 2016/17. The increase is due

to an expected increase in crush of sunflowerseed and rapeseed in MY 2016/17 compared with MY 2015/16. Vegetable oil production in MY 2017/18 will include 4.3 MMT of sunflowerseed oil (4.2 MMT in MY 2016/17), 0.78 MMT of soybean oil (0.77 MMT in MY 2016/17), and 0.41 MMT of rapeseed oil (0.38 MMT in MY 2016/17).

Table 10. Russia: Consolidated PSD Forecast for Major Vegetable Oils for MY 2017/18, TMT

POST MY 2017/18	Sunflowerseed	Soybean	Rapeseed	Palm	TOTAL
Crush	10,400	4,350	1,050		15,800
Extr. Rate, 999.9999	0.414	0.1793	0.391		
Beginning Stocks	132	46	19	92	289
Production	4,300	780	410	0	5,490
MY Imports	10	1	0	800	811
MY Imp. from U.S.	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0
Total Supply	4,442	827	429	892	6,590
MY Exports	2,150	480	250	2	2,882
MY Exp. to EU	25	160	150	0	335
Industrial Dom. Cons.	400	35	20	170	625
Food Use Dom. Cons.	1,700	270	140	660	2,770
Feed Waste Dom. Cons.	50	0	0	0	50
Total Dom. Cons.	2,150	305	160	830	3,445
Ending Stocks	142	42	19	60	263
Total Distribution	4,442	827	429	892	6,590

Note: The above table is composed of PSD forecast for each oil despite differing marketing years.

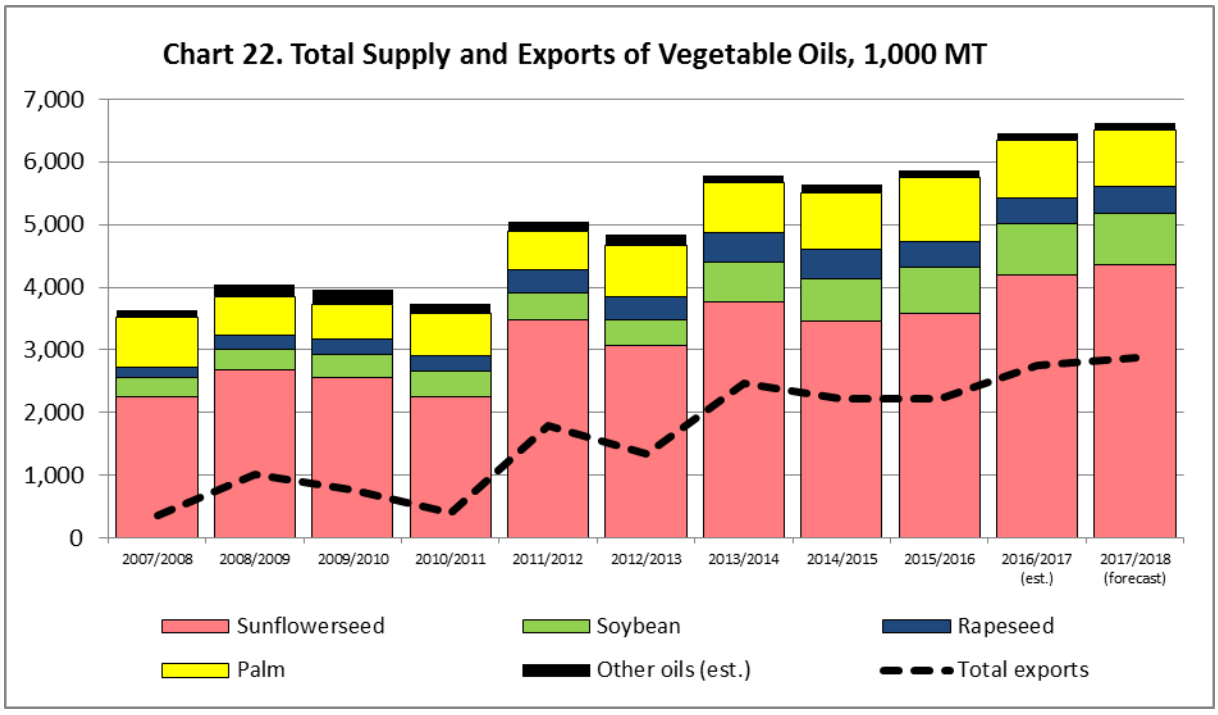
Consumption

Russia is self-sufficient with vegetable oil due to increasing sunflower crops production and oil crushing capacities. Sunflower seeds oil is the main oil consumed in Russian households. According to the last annual National Report on the State Program for Development of Agriculture in 2013-2020[30] the target indicator for the share of domestically produced vegetable oil in the total oil supply in Russia in 2015 reached 83.9 percent. This is higher than the 83.8 percent target established by the State Program for 2015. Given that Russia further increased production of vegetable oil in 2016, the target of self-supply with vegetable oil will be exceeded again in 2016.

FAS/Moscow forecasts that domestic consumption of vegetable oil in Russia in MY 2017/18 will be 3.45 MMT (estimate for MY 2016/17 is 3.41 MMT), and will include 2.15 MMT of sunflowerseed oil (2.12 MMT in MY 2016/17), 305 TMT of soybean oil (300 TMT in MY 2016/17), 140 TMT of rapeseed oil (160 TMT in MY 2016/17), and 660 TMT of palm oil (830 TMT in MY 2016/17). Russia does not produce palm oil, and all domestic consumption of this oil is based on imports.

[30] The Report on the results of implementation of the State Program in 2015 was published in May 2016. The National Report on the results of the implementation of the State Program in 2016 will be published not earlier than May 2017. The Report is available on the site of the Ministry of Agriculture: http://www.mcx.ru/documents/document/v7_show/36975..htm

The supply of vegetable oils (imports and production) in Russia has been growing since MY 2010/11 (Chart 21). Along with the growth of supply of vegetable oils, Russia increased exports of these oils.



Source: FAS/Moscow based on PSD data

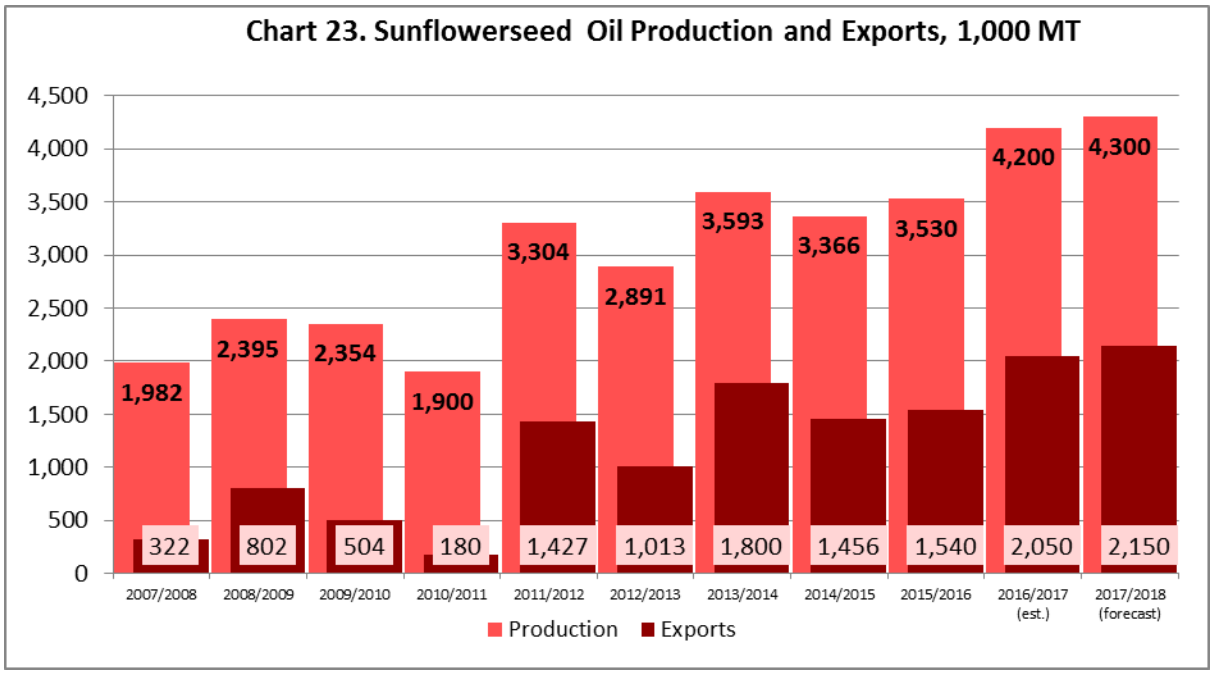
Trade

FAS/Moscow forecasts further increases in Russia's exports of vegetable oils, to 2.88 MMT in MY 2017/18 from an estimated 2.75 MMT in MY 2016/17. Sunflowerseed oil exports are forecast at 2.15 MMT (up 0.1 MMT from the estimate for MY 2016/17). Soybean oil exports are forecast at 480,000 MT (up 10 TMT y-o-y), and rapeseed oil exports are forecast at 0.25 MMT (up from 0.23 MMT in MY 2016/17). Exports of sunflowerseed oil and rapeseed oil have increased in MY 2016/17 from MY 2015/16 due to the soft Ruble. However, in MY 2017/18 this factor may not play such a significant role, and crushers may decrease prices of these oils in order to compete in the world markets. Soybean oil exports will depend primarily on imports of soybeans, because the major Russian importer of soybeans, located in Kaliningrad, sells most of its meal to the domestic market and sells the soybean oil to foreign markets. Thus, exports of soybean oil may be affected by non-market limitations on imports of soybeans (see Section on OILSEEDS).

Sunflowerseed oil

FAS/Moscow forecasts exports of sunflowerseed oil at 2.15 MMT in MY 2017/18 that is 5 percent more than the estimated 2.05 MMT exports in MY 2016/17. FAS/Moscow's estimate for MY 2016/17 is 0.1 MMT higher than the official USDA estimate, and is based on the active exports of sunflowerseed oil from September 2016 through January 2017. During this period Russia exported 866 TMT of sunflowerseed oil, or 45 percent more than in the same period y-o-y. Exports was stimulated both by an increased crush of sunflowerseed and by the weak Ruble. However, with a stronger Ruble the stimuli

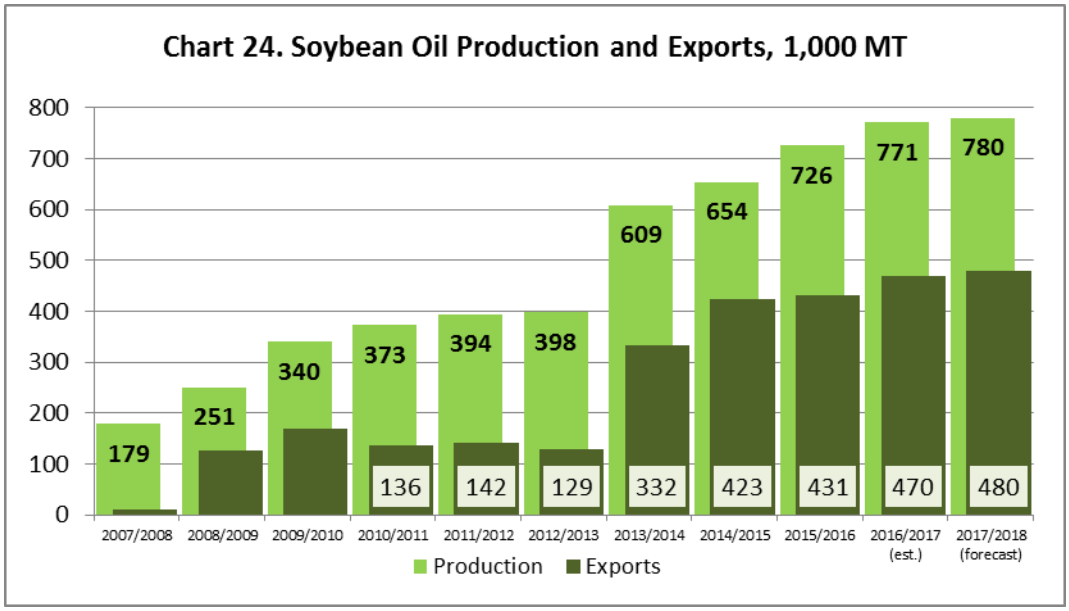
for exports may decrease, and Post assumes that in the next seven months of MY 2016/17, exports of sunflowerseed oil will slow.



Source: FAS/Moscow based on PSD data

Soybean oil

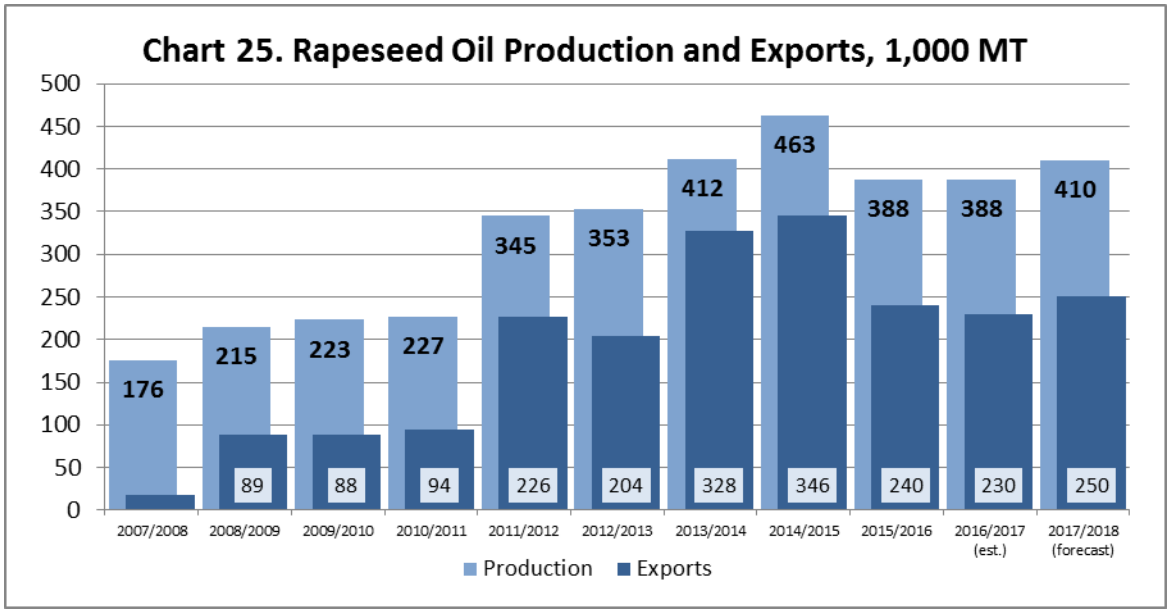
Russia almost does not import soybean oil. Domestic consumption of soybean oil is lower than consumption of sunflowerseed oil. A significant portion of soybean oil is exported, and a large portion of these exports originate from Kaliningrad, where crushing is based on imported beans and significantly depends on imports of soybeans. Given the problems with soybean imports, FAS/Moscow forecasts that exports of soybean oil from Russia will be 480 TMT, only 2 percent higher than the estimated exports of soybean oil in MY 2016/17. FAS/Moscow estimates these exports in MY 2016/17 at 470 TMT (in MY 2016/17 these exports were 431 TMT). From September 2016 through January 2017, Russia exported 210 TMT of soybean oil, 18 percent more y-o-y. The main destinations of these exports were Algeria (104.1 TMT), Tunisia (32.9 TMT), Venezuela (15 TMT), Cuba (14.9 TMT), and Denmark (10.5 TMT).



Source: FAS/Moscow based on PSD data

Rapeseed oil

FAS/Moscow forecasts rapeseed oil exports in MY 2017/18 at 250 TMT, 20 TMT increase from the estimated exports in MY 2016/17. In MY 2016/17, rapeseed oil exports were lower than in MY 2015/16, because of decreased production and crush of rapeseed. From July 2016 through January 2017, Russia exported only 84 TMT of rapeseed oil compared with 124 TMT in the same period last year. The main destinations for rapeseed oil exports in this period in MY 2016/17 were Norway (95 TMT), Lithuania (23 TMT), and Latvia (13 TMT).



Source: FAS/Moscow based on PSD data

Palm oil

Russia continues to be a significant importer of palm oil. FAS/Moscow estimates Russia's palm oil imports in MY 2016/17 at 0.8 MMT, and forecasts the same volume of imports for MY 2017/18. Imports of palm oil decreased in MY 2016/17 compared with MY 2015/16 by 14 percent, primarily due to the weak Ruble and increased domestic production of vegetable oils. The anti-palm oil campaign launched in the Russian media in 2015 and throughout 2016 also negatively impacted demand for palm oil, but actually was not the major factor for decreased imports.

Indonesia increase export duties on palm oil beginning February 2017 to $18 per 1 MT compared with $3 per 1 MT in January 2017. Prices on palm oil may increase, and these increases may affect Russia's imports of palm oil.[31]

Stocks

FAS/Moscow forecasts end of MY 2017/18 stocks of vegetable oil to decrease by 26 TMT y-o-y to 263 TMT, and these stocks will include 142 TMT of sunflowerseed oil (132 TMT by the end of MY 2016/17), 42 TMT of soybean oil (46 TMT in MY 2016/17), 19 TMT of rapeseed oil (the same as last year), and 60 TMT of palm oil (92 TMT by the end of MY 2016/17).

PSD Tables for Oils

Oil, Sunflowerseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8550	8550	9850	10100	0	10400
Extr. Rate, 999.9999	0.4129	0.4129	0.413	0.4158	0	0.4135
Beginning Stocks	49	49	92	92	0	132
Production	3530	3530	4068	4200	0	4300
MY Imports	3	3	10	10	0	10
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3582	3582	4170	4302	0	4442
MY Exports	1540	1540	1950	2050	0	2150
MY Exp. to EU	22	22	25	25	0	25
Industrial Dom. Cons.	370	370	380	380	0	400
Food Use Dom. Cons.	1550	1550	1680	1710	0	1700
Feed Waste Dom. Cons.	30	30	30	30	0	50
Total Dom. Cons.	1950	1950	2090	2120	0	2150
Ending Stocks	92	92	130	132	0	142
Total Distribution	3582	3582	4170	4302	0	4442
(1000 MT) ,(PERCENT)						

Oil, Soybean	2015/2016		2016/2017		2017/2018	
Market Begin Year	Sep 2015		Sep 2016		Sep 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	4050	4050	4300	4300	0	4350
Extr. Rate, 999.9999	0.1793	0.1793	0.1793	0.1793	0	0.1793
Beginning Stocks	18	18	44	44	0	46
Production	726	726	771	771	0	780

[31] http://kvedomosti.ru/news/indoneziya-podnyala-eksportnye-poshliny-na-palmovoe-maslo-v-6-raz-iz-za-rosta-cen.html.

MY Imports	1	1	1	1	0	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	745	745	816	816	0	827
MY Exports	431	431	470	470	0	480
MY Exp. to EU	160	160	160	160	0	160
Industrial Dom. Cons.	30	30	30	30	0	35
Food Use Dom. Cons.	240	240	270	270	0	270
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	270	270	300	300	0	305
Ending Stocks	44	44	46	46	0	42
Total Distribution	745	745	816	816	0	827
(1000 MT) ,(PERCENT)						

Oil, Rapeseed	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	990	990	990	990	0	1050
Extr. Rate, 999.9999	0.3919	0.3919	0.3919	0.3919	0	0.3905
Beginning Stocks	9	9	19	19	0	19
Production	388	388	388	388	0	410
MY Imports	2	2	2	2	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	1	1	1	1	0	0
Total Supply	399	399	409	409	0	429
MY Exports	240	240	230	230	0	250
MY Exp. to EU	150	150	150	150	0	150
Industrial Dom. Cons.	20	20	20	20	0	20
Food Use Dom. Cons.	120	120	140	140	0	140
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	140	140	160	160	0	160
Ending Stocks	19	19	19	19	0	19
Total Distribution	399	399	409	409	0	429
(1000 MT) ,(PERCENT)						

Oil, Palm	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Trees	0	0	0	0	0	0
Beginning Stocks	91	91	124	124	0	92
Production	0	0	0	0	0	0
MY Imports	933	933	800	800	0	800
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1024	1024	924	924	0	892
MY Exports	20	20	2	2	0	2
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	170	170	170	170	0	170
Food Use Dom. Cons.	710	710	660	660	0	660
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	880	880	830	830	0	830
Ending Stocks	124	124	92	92	0	60
Total Distribution	1024	1024	924	924	0	892

(1000 HA) ,(1000 TREES) ,(1000 MT)						